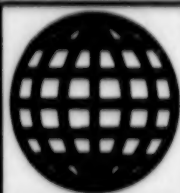


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**FOREIGN
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JPRS Report

Soviet Union

International Affairs

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JPRS-UIA-90-015

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Right-Wing Criticism of Soviet Foreign Policy Assailed

90UF0418A Moscow IZVESTIYA in Russian 4 Aug 90
Morning Edition p 5

[Article by Aleksey Pushkov: "A Surrender of Positions? Is the Criticism of the Soviet Union's Foreign Policy Justified?"]

[Text] We may congratulate ourselves on the next achievement of democratization: We now have a fully open and outspoken opposition to our current foreign policy. We owe this primarily to our conservatives, since no disagreement with it has yet been heard from the left flank. From the right, however, it resounds quite loudly.

Up until recently, the country's international course seemed to be reliably protected against our domestic skirmishes and oppositions. However, in the past 6 months the situation has changed. Foreign policy has taken on a clear domestic political tone. At the February and March CPSU Central Committee Plenums it was already directly challenged. And at the Russian and All-Union Communist Congresses, where the conservatives in fact formulated themselves as an ideological-political current within the party and the country, the criticism of foreign policy has become a component part of their general opposition to perestroika and the new thinking.

We should not be fooled by the fact that the CPSU Congress resolution on the Central Committee's political report, which expressed support for the international activity of the Soviet state, was adopted by almost 90 percent of the delegate votes. Here the instinct of self-preservation was largely apparent, as well as fear of a real schism and continued weakening of the party. It is characteristic, however, that the resolution did not utilize such concepts which have affirmed themselves in our country as the new thinking and all-human values. Also, the fact that in the course of elections of the Secretary General there were 1,116 votes cast against M. S. Gorbachev was also undoubtedly influenced by the opposition to his foreign political course.

The accusations addressed toward this course and its authors are well known: "The disintegration of the Warsaw Pact and the socialist camp", "the surrender of our military-political positions", unilateral concessions to the West at negotiations on arms reduction, and forgetting the interests of the world communist movement. We cannot discuss all these topics here, especially since the responses to them have already been given—at Plenums, in congresses, and in the press. We would like to speak of something else—of the character and directionality of this criticism. It is full of rhetoric, and sometimes even demagoguery. In the rage of polemics, things go so far as the rejection of the obvious, reaching the absurd.

I will cite just a few of the comments which resounded at the CPSU Congress:

"And of what, specifically, does the improvement in the international situation consist—of the fact that the

Soviet Union has begun losing its position as a super power, while the USA is not even thinking of rejecting its global military role, and of the fact that we have lost all our allies in Eastern Europe?"

We have "practically returned to '39, when our country alone opposed all states which spoke out against socialism" (!)."

"It is difficult to name any truly major achievements in the international arena in recent years, as was, for example, Helsinki-75" (!!!).

At the same time, the picture of the catastrophic nature of our international position is painted and mutual positive changes in the policy of the West are clearly denied. In short, it is still the same black-and-white system of coordinates, still the same view of the world through the narrow slit of the class sight. We have lived according to this system for a very long time, just under 70 years, and we know very well what it has led to. The rightists, however, talk as if we can continue the military competition with the unified West, and continue to exist in economic quasi-isolation, detached from the world economy.

They must blame not perestroika for the fact that we have come to today's end, but rather those principles and values which they so passionately defend. What happened in Eastern Europe is a regular consequence of the politics built on these principles. We ourselves at one time helped to impose upon these countries regimes which the people themselves ultimately cast aside. We ourselves placed them on the path which we are now rejecting. And it was none other than the ideological predecessors of the current conservatives who by all means, up to introduction of troops, maintained the illusion of strength of the socialist camp. However, like any camp where force and subordination rules, it could not be long-lasting.

Criticism of Gorbachev's course from the right appeals not to reason, but to feelings, to customary views and ideological instincts. This is not political criticism, but ideological-emotional. It appeals to the emotions of the front liners, for whom the "socialist alliance" was perhaps not a commensurate, but still some compensation for the millions of lives lost in the years of World War II, including during the liberation of Eastern Europe. It appeals to the alarm before the spectre of new German power, especially in people of the older generation. It appeals to the desperation of the officers returning from Hungary and Czechoslovakia, for whom the Homeland cannot even find housing. It appeals to the confusion before the tempo of changes in the world, where even yesterday everything seemed so stable. Finally, it appeals to the fear that these changes might pose a threat to the security of our country.

All this is reinforced by the announcements, primarily by a number of military men, that supposedly we are

"destroying our own defensive structures", making one concession after another at the negotiations, and curtailing our military-strategic potential. Enough, but is this really so? Yet the chief of our General Staff, Army General M. A. Moiseyev assures us: "We are not opting at any price for agreement on disarmament, but with consideration for retaining an approximate equilibrium and balance of interests of the parties. Here our positions are principle". In his words, they are being developed with the most active participation of the General Staff and directed toward not allowing a reduction in the country's defense and the potential of our Armed Forces. "There has not been a single question in this sphere which we did not coordinate with the Ministry of Defense", confirms D. T. Yazov.

But what about the West? Is it true that it is merely "feeding us promises" while continuing to arm itself in the most active manner, as our "hawks" insist? In fact, they are not rejecting weapons modernization programs there, or even the increase in military might in a number of directions. Just as we too, we might add, are not rejecting these directions. Yet at the same time the NATO countries, it seems, are going from word to deed in reducing their military expenditures.

Let us take the USA. They are beginning their withdrawal of chemical weapons from the territory of the FRG. They will be destroyed on one of the atolls in the Pacific Ocean. The American Congress is striving to see that in the next fiscal year beginning 1 October the military allocations are reduced by at least \$18 billion, i.e., by about 6 percent. This figure is fully commensurate with our own reductions in 1990 (6.3 billion rubles, i.e., 8.2 percent of the defense budget), and I believe, it might be even greater if the American side had more assurance of the irreversibility of Soviet perestroika.

With the positive development of Soviet-American relations, the USA is planning in 5 years—from 1992 through 1997—to cut its military forces by 25 percent. Of course, we must not become enraptured with these plans proposed by Defense Secretary R. Cheney. I believe that this is far from the limit. Yet the tendency is important. And in any case, greater reductions will be possible if only we retain the current line in foreign policy. As for the intentions of the United States to continue to play a global role (even counter to its own national interests, as has often been the case), this certainly does not mean that we must automatically follow suit. Then again, we should not be mistaken for lambs. The Soviet Union, in my opinion, has not reviewed its international alliance responsibilities, and we still have the largest army in the world.

The conservatives appeal also to such a sensitive matter as national dignity. One of the delegates to the CPSU Congress posed the question as follows: "A country, as well as an individual person, has honor and dignity. For many centuries the Homeland has sacredly preserved them, settling accounts with its insulters with the blood of its best sons. This honor is in the genetic coding of the

people. God forbid that a person should lose his honor. Yet it is much worse when we speak of the honor and dignity of a thousand-year-old state".

Such an appeal, we must say, does not always go unanswered. The ideologized, imperial-communist concept of the country's dignity still lives in our society. For a long time it was measured by the progress of communist ideology throughout the world, by the economic achievements of socialism as the leading social order and by the military-strategic positions of the country. Let us recall the famous Khrushchev saying, "We will bury you!", which unified all this, and was directed toward the astonished Americans.

Today we need not speak of the victories of the communist movement throughout the world. The myth about the great economic achievements of socialism has also been exposed. It is clear to everyone, or almost everyone, that the first place in the world in the production of cement, oil and low grade steel, tractors and agricultural combines still means nothing. What is left? In essence, only our military potential, and the strategic positions of the USSR. After all, this is the only indicator, along with the conquest of space, where we were able to wholly equal the Americans (another question is—at what price). It is specifically this potential which has secured for us first of all the status of a great power.

They want to convince us that today's USSR foreign policy undermines this status, achieved through the sweat, blood, and self-sacrifice of preceding generations. Yet this is first of all essentially incorrect. It is undermined not by this policy, but by the dead-end condition of our society, the degrading everyday life of the Soviet people, the blatant economic incompetency, and the colossal technical backwardness. For a long time we consoled ourselves with the fact that we were second in the world in volume of industrial production. Today our gross national product (GNP) in the amount of \$2.2 trillion yields not only to the American (\$4.5 trillion), but even to the Japanese (\$2.8 trillion), and the Germans are closely approaching us. And we should not be flattered by this figure. Divided on a per capita basis, our GNP comprises only 42 percent of the American and around half of the Japanese, and in fact is even smaller, since no one can compute what portion of it is lost to the gluttonous maw of our anti-economy, which still gives nothing to the consumer.

We might rightly accuse the conservatives of the same thing that they often accuse radicals of—rocking the boat. In our society there are already more than enough reasons for irritation. Creating an atmosphere of dissatisfaction on questions of foreign policy around the country's current leadership and playing on the fine strings of national self-consciousness may only facilitate a general fermentation or even splashes of volcanic social activity.

At the same time, in the sphere of international policy, as in domestic, our right-wingers have neither any worthy

ideas nor any alternative platform which would take into consideration not only their subjective preferences, but also the actual reality and the true priorities of the country. There is only painful nostalgia for the clear, well-ordered past, an acute desire to find those who are "at fault" for the fact that we must enter a new world to which they are unaccustomed and which is uncomfortable for them.

In fact, what are the conservatives calling us to?

"To develop and strengthen the international communist and workers' movement", as in fact the representative of the Kursk communists called for at the Congress? To develop it, regardless of everything, regardless of its own condition and of our very deep crisis?

To reduce the tempo of negotiations on arms reductions, to reject steps which would allow us to move them off of a standstill, so as to once again find ourselves bogged down in senseless and bankrupting opposition?

To reject the new thinking and priority of all-human values, so that the world around us, not having time to believe in our peace-loving nature, will once again bristle up in enmity and mistrust?

To once again shift over to the ideological offensive? By what ideas, we might ask, or once again with the aid of tanks?

The country has neither sufficient physical nor psychological resources left to pursue the policy of moderate confrontation, for which the right-wingers are essentially calling. In the USA at the end of the 70's, after the defeat in Vietnam, the revolution in Nicaragua and the Iran "humiliation", the neoconservatives were able to come to power on a rah-rah-patriotic wave. Their goal was to overcome the "Vietnam syndrome" and to return to America its feeling of greatness and military might. The material means for this were found, but the lost strategic positions could not be returned. Moreover, the Americans are still paying for this effort with their catastrophic budget deficit. Our country simply has no alternative to Gorbachev's policy: The economy and society are exhausted to the limit. There is a catastrophic distortion in the foundation of our "greatness", its list is mortally dangerous, and the present course is directed at levelling it out.

Conservative thinking today is greatly crowded. It is already fighting from its rear flank. More and more people are coming to understand that the basic part of our past achievements—both within the country and outside of it—are no more than a mirage, an ideological Fatah-morgana. That military might which is not secured by a viable economy, a free public life, technological progress and democratic institutions, is worth very little.

Yet it would be frivolous also to underestimate the rebelling ideological consciousness. A policy which departs from illusory but persistent notions of greatness

for the sake of true rebirth of the country must take into consideration the sentiment which exists in society. Giving up spheres of influence and "security belts" has always and everywhere been a painful process. Therefore I have no doubt that we will still encounter discussions about the "sale" of the GDR, efforts to play on the fears of the "German danger" and to cast doubt upon the prudence of the agreements on the external aspects of unified Germany reached between Gorbachev and Kohl. Under the conditions when the international course of the USSR is no longer taboo for broad discussion, when it is ever more difficult to work out behind closed doors, the policy of new thinking needs not only a well thought-out foreign diplomacy, but also domestic diplomacy as well.

Today the customary structures of the "cold war" are disintegrating and being dismantled. We are entering a qualitatively new world. We are really faced with the problem of defining our own place and role in this world and finding the best way to provide for our national interests, including also in the sphere of security. Therefore we need foreign policy debates, and of the most open and multilateral character. In order to be maximally effective and balanced, our foreign policy also needs criticism. Yet this criticism must be literate and competent, addressed to the intellect and not to the emotions, to sober calculation, and not to unconditional reflexes. The fact of such criticism, including also from the right, can only be welcomed, even if we do not agree with its content.

Japanese, Soviet Journalists Discuss 'Non-Violence' In Politics

90UF0451A Moscow *LITERATURNAYA GAZETA*
in Russian No 32, 8 Aug 90 p 14

[Unattributed article: "Nonviolence—The Crown of The Strong"]

[Text] The previous issue of *LITERATURNAYA GAZETA* carried an interview with D. Ikeda, a noted Japanese public personality and honorary president of the Buddhist Soka Gakkai Organization.

This organization, which has 12 million members in the country and 2.5 million members abroad, together with its organ, the newspaper *SEIKYO SHIMBUN*, is engaged in the implementation of a joint program for the development of Soviet-Japanese cultural relations, together with *LITERATURNAYA GAZETA*. As part of this program, representatives of Soka Gakkai visited the Soviet Union as guests of *LITERATURNAYA GAZETA*. A round-table on "Nonviolence in Contemporary International Relations" was held. The following took part:

On the Japanese side: Kyoshi Matsushima, editor-in-chief of *SEIKYO SHIMBUN*; Kosaku Eto, deputy chief of the Soka Gakkai Press Service; and Tatsoi Kajihara, the organization's secretary.

On the Soviet side: O. Prudkov, international problems editor of L.G.; I. Belyayev, political commentator; M. Salganik and R. Apresyan, candidates of sciences, and O. Bitov, commentator.

Following is an abridged report on the roundtable meeting.

O. Prudkov. The members of Soka Gakkai follow the teaching of Michiren Daisenin, the medieval monk. An organic part of it is nonviolence. Following the proclamation of the doctrine of the "new thinking," and the signing of the Delhi Declaration, the problem of nonviolence has become quite topical in contemporary international relations. It has at least three aspects: moral, political and military. The first is the most difficult, for frequently morality in politics clashes with pragmatic requirements. Nonetheless, the idea of nonviolence has already become part of a number of foreign policy documents issued of late. Military doctrines are being revised as well.

Kyoshi Matsushima. I would like to touch upon the political aspect of the problem. Let us recall President Wilson, the founder of the League of Nations, and President Roosevelt, one of the founders of the United Nations. The following thought runs through their statements: Do the Russians accurately understand the meaning of the existence of these organizations? The impression in Japan of the Soviet Union is that of a state which professes belief in the principle of military force. In our country Mr. Gromyko was always known as "Mister No!" We support the idea of Mr. Gorbachev, who raised the concept of the new thinking as a counterbalance to violence in international relations. The views of Mr. Ikeda, the president of our society, fully coincide with the statements made by President Gorbachev. Under contemporary conditions, the principle of nonviolence and dialogue is the only right way of avoiding war. In his time, Einstein said that the appearance of nuclear physics changed everything in the world other than human thinking. The idea of a revolution in man, preached by the Soka Gakkai Society, calls for changing the way people think. We believe that the problem of nonviolence is profoundly linked to our daily life. The Japanese Constitution specifically stipulates that all problems facing society must be resolved through non-violent means. Both in the preamble of our Constitution and its Article 9 we find the rejection of war as a means of solving conflicts.

Ruben Apresyan. Allow me to mention the moral aspect of the problem. Gandhi, the father of the contemporary movement of nonviolence, considered it a humane, a moral means of struggle and resistance. Such was the case, for example, in 1941 in Norway and in 1968 in Czechoslovakia. However, these were national actions. As to intergovernmental relations, it is not strictly the use of military force that is a case of violence from the psychological and moral viewpoints. The use of abusive words is also a violent action. The threat of the use of force and any violation of the standards of international

law must be considered an element of violence. Any refusal to establish political or economic relations among countries is also conflicting with the humanistic criteria and the principles of the new thinking. A few years ago the Japanese leadership claimed that they could not engage in talks with the Soviet Union before the disputes concerning the Northern territories had been resolved. In turn, our leaders answered that they refused to engage in talks with Japan as long as this far-fetched problem had not been dropped from the agenda. Therefore, instead of cooperation in relations between our countries the confrontation factor was asserted. It is entirely clear that the solution to this can be found only if the principle of nonviolence is supplemented with the principles of coparticipation and cooperation.

K.M. There are three types of violence: military, verbal and silent. By the latter we mean a situation in which one of the participants in talks shuns or ignores the ideas of the other. Conversely, nonviolence presumes total respect for reciprocal positions, understanding and abandonment of all types of violence. Gandhi said that nonviolence is not the clothing of the weak but the crown of the strong.

Kosaku Eto. The initial principle of nonviolence is having greater respect for one's partner than for oneself. The Soka Gakkai Society has supported it from the very beginning of its foundation. It is noteworthy that it was founded during the period of violent Japanese militarism. Systematically, Soka Gakkai has stood on antimilitary positions. It has been against the proliferation of nuclear weapons and for peace the world over. One could single out three basic principles on which Soka Gakkai rests: respect for human dignity, support of peace and development of culture and education. Here we already mentioned concepts such as "verbal violence," or "violence with the help of words." Although it is said that at the beginning there was the word, we deem necessary to avoid cases in which a word could cause harm. The broad exchange of information is very important.

M. Salganik. It seems to me that of late a new trend has appeared, as a result of which technical progress has pushed moral progress ahead. The very first steps on the path to nonviolence are being taken by mankind urged on by a stick which it created itself. We are guided not by the commandment "Thou Shalt Not Kill!" but by the writing on the wall that "Everyone Will Perish." The ghost of the bomb has urged us on, and so has the reality of an ecological catastrophe.

Let us go back to the political reality. Mankind not simply faces the need to reach an accord. It has realized this need. Amazing events are taking place in the world which, only a few years ago, we could not even conceive of. Suffice it to mention the revolutionary changes in Eastern Europe, the policy pursued by de Klerk, and the talks between India and China.... The list could be extended further. I recently read an article by Gallbraith on the inevitability of replacing Japanese-American commercial rivalry and confrontation with cooperation

between these two advanced countries. A new trend has been noted and the vector has changed. This change has most emphatically raised another problem. It has become more easy to reach an agreement with governments which, for decades, were in a state of conflict, than with ethnic or religious communities.

I am not saying this in the least because we have among us representatives of Soka Gakkai. I believe that its activities, which are not the only ones of their kind in the world, are assuming today a totally exceptional or, perhaps, even decisive significance. Movements such as Soka Gakkai, the Indian Rama Krishna and many others are of an ecumenical nature. They could contribute to the unification of the people. Even a most primitive study of religion would indicate the existence of a profound unity among various religious beliefs. However, the trend toward nonviolent action is threatened by fundamentalism, which has become a thorn in the flesh of everyone. Such phenomena are not limited to Islam. We can note the same in Christianity and Judaism and, which is particularly striking, in Hinduism. I hope that this will not occur within Buddhism as well.

What has triggered the growth of fundamentalism? I believe that it is the reaction of people for whom society is developing excessively fast. We must most thoroughly emphasize the experience in political nonviolent actions based on moral principles. Let me name a few names: Gandhi, Martin Luther King, Aleksandr Dubcek, Corazon Aquino, who did not allow the people to lie under tanks.

O.P.. All of us agree with the fact that in contemporary international relations a clear trend toward nonviolence exists. However, nor should we deny the negative importance of Islamic fundamentalism. The "Lebanese syndrome" is manifesting its influence in various areas, including the Soviet Union.

Igor Belyayev. The aspiration of a certain segment of the Muslim clergy, the Shi'ite above all, to play a role in the policies of its countries, has led to Islamic extremism and, subsequently, to terrorism which we are now facing and fighting. Sayyid Kutb, the noted ideologue of Islamic extremism, divided the globe into the house of peace and the house of war. This approach was supported by Khomeini as well. Anything pertaining to Islam is the house of peace; anything else is the house of war which must be fought.

We must give its due to Buddhism as a religion which, for decades and centuries has rejected terrorism as a way of acting and thinking. Reactionary Islamic fundamentalism, according to an American professor, is more terrible than a nuclear bomb, which makes the "Lebanese syndrome" so complex. It has many levels, and understanding it is not all that simple. The clash among different religious communities, Christian and Muslim, remains, unfortunately, the determining feature of events in Lebanon.

We have deideologized our foreign policy and abandoned confrontation; we would like for all interested parties to do the same. Efforts at compromise, and an aspiration toward a nonviolent world, must be made on both sides.

Tatsoi Kajihara. We visited Vilnius and saw people sitting by the water, fishing. However, if we fish without paying attention to the rod, the line may get tangled. The sooner Vilnius and Moscow jointly undertake to untangle it, the easier it will be. Each side has its own arguments and traditions. A comprehensive approach helps to understand one's partner. One must have the eyes of the dragonfly.

K.M.. In any society and in any country, we believe, self-aggrandizement, with the claim of being the ultimate bearer of virtue, is unjustified. The deideologization of our foreign policy is a withdrawal from such a view. So far the state has carried out its foreign policy through its Ministry of Foreign Affairs and the ambassadors. Today there is a globalizing process and the world is shrinking, and information, communications and transportation media are developing. Contacts are being established not only on the governmental level but also within the framework of popular diplomacy. Such comprehensive contacts among countries will help to remove mistrust and prejudice. We must acknowledge that Gorbachev's foreign policy pace caught Japanese diplomacy by surprise. In the past there was the post-Yalta world. Now we are describing it as the post-Malta or post-Washington world. Within it entirely different relations are developing.

K.E.. I have the frequent opportunity to discuss matters with journalists. The most important thing is the volume of information which appears in the press. All international sections in the Japanese press are essentially filled with information originating in the Soviet Union and Eastern Europe. We find it very difficult to single out the truth in this flow. It is important for your republics and the center not to lose their reciprocal trust, to show superior wisdom and in no case allow bloodshed. In that case it will be possible to resolve all problems although this would require a great deal of time. We spent 1 day in Latvia and another in Lithuania and we did not gain the impression that events could assume a dramatic nature. All that is necessary is to maintain the dialogue.

O.P.. Mr. Kajihara gave us the metaphor of the fisherman whose line becomes entangled. It indeed has become so and it seems to me occasionally that the Lithuanians (and not they alone) have grabbed big garden shears and would like to cut the line immediately. The process of untangling is complex and lengthy and the two sides should display maximum patience and caution. We are involved in "multiple level" diplomacy. In this connection, we favor direct relations among journalists, with the assumption that the best way to

establish trust is through personal contacts. I am confident that relations between our newspapers—L.G. and SOKA GAKKAI—will have further interesting developments.

M. S. I perceived the situation involving Lithuania as a manifestation of national egotism. Problems of national interests must not lead to the creation of such stressed situations.

O.P. Therefore, we once again assert the idea of abandoning force.

M.S. Even stopping the development of a situation in which force could be used.

Oleg Bitov. I recently had the opportunity to meet with the Dalai Lama in the Himalayas. The main topic of our discussion was nonviolence. We also discussed the correlation between the old, one could even say the ancient, religious views and the new political thinking. M. Salganik mentioned that apparently fundamentalism within Buddhism is impossible. However, in Tibetan Buddhism fundamentalism has already made a slight appearance. Unquestionably, this does not apply to the Dalai Lama himself. However, it applies to some of his younger co-religionists. The Dalai Lama said that so far this trend has not seriously developed but that should such a situation arise he would immediately resign from his position. As the Dalai Lama said, "it is much easier to become blind than to see again." What he means by

"becoming blind" does not refer to a physical condition. "One could become blind from hatred, self-love, jealousy or anger." The task of the journalists is not to "blind" the readers but to help them see. Perhaps it is precisely now, when ancient religious and new political thinking come together, that a contemporary moral code of mankind is being created. Perhaps it is precisely now that mankind, having gone through a century of bloody history, will finally understand and accept the idea of nonviolence.

K.M. The idea of a nonviolent peace provides an answer to many questions which arise in the solving of universal human problems. A process of integration and conversion from narrow-national thinking to universal human thinking is taking place. Chekhov said that if the Russians do not believe in God they mandatorily believe in something else. My view is that the need to believe is important in the period of globalization. After faith in Stalin was abandoned, the need arose to believe in the best there is in mankind.

It is not a question of everyone immediately beginning to believe in the existence of God. I think that the people realized that the simple commandments and religious dogmas contain truly humanistic ideas. Man turned around and realized that today there is nothing else and that he must return to this. We must learn to smile at each other.

Customs Officer on Overloaded Border Facilities, Violations

90UF0400B Moscow PRAVDA in Russian 27 Jul 90
Second Edition p 8

[Interview with N. Alekseyev, chief of the Brest customs office, conducted by PRAVDA correspondent Stanislav Zyubanov: "People Walk Around Sullen at the Border..."]

[Text] Our own correspondent in the GDR and West Berlin, Stanislav Zyubanov, driving to Moscow on vacation, held an interview with the chief of the Brest customs office, N. Alekseyev.

[Zyubanov] Nikolay Konstantinovich, it took me only 10 minutes to cross the border between the GDR and the Republic of Poland. In Brest I drove for about 10 minutes past a line of motorists, many kilometers long, wanting to return to their native Soviet Union. They have to wait for days with their wives and small children, sweltering in the heat during the day and chattering their teeth from the cold at night. Everyone curses the customs service. What is the reason for this?

[Alekseyev] Perestroika has facilitated the collapse of barriers in Europe and a many-time increase in the flow of people across the border. Our border customs service has proven to be absolutely unprepared for this. After the Lazdiyay border crossing point was closed in Lithuania, there remained only our own crossing point, "Varshavskiy most" ("Warsaw Bridge"), along the huge, several thousand kilometer long, section of border from Kaliningrad to Chop. Is this normal? A second is located 70 kilometers from Lvov. Recently I was informed that the line of automobiles there also reaches 8 kilometers. We allow over 1,700 cars and 120-130 buses to pass both ways in 24 hours. That is around 8,000 people. Our reserves are fully exhausted. Obviously, there are not enough border crossings.

[Zyubanov] In what places would it be expedient to open new border crossings?

[Alekseyev] We must urgently build new border crossings.

The Brest railroad station—the western gate to our country—has long been unable to handle the increased demand. USSR Minister of Railways Konarev has given the order for its reconstruction by 1997. Yet I am convinced that this will not be done in time, because aside from loud words and this order, at the present time there is nothing. No one here has even taken up a shovel, nor even a pencil.

Furthermore, perestroika in the direct sense of the word has saved the Soviet customs service, which was formerly under the jurisdiction of the Ministry of Foreign Trade. At that time, its personnel numbers were brought to 2,500 persons. This was for the entire huge border perimeter of the Soviet Union. Evidently, they acted along the principle: The border is locked up, customs

officials are not needed. Today the newly created USSR State Customs Control Main Administration already has 8,000 persons in its employ. Yet even this is not enough. There is neither a higher nor secondary educational institution, nor even a special school, to train skilled customs service associates. In the 70 years of Soviet rule, not one associate has been trained for the customs service, a department which comes into direct contact with people and often determines their fate.

[Zyubanov] Do you think that our rules are no good?

[Alekseyev] I am firmly convinced that they are one of the important reasons for the dangerous bottleneck which has been created today at our border. After all, what are we doing now? Senselessly "rifling" the baggage of persons entering the USSR and those going abroad. Today USSR citizens who travel, for example, to Poland, have the right to transport gifts in the sum of 30 rubles duty-free. That is the cost of an electric razor, but without a cord. With a cord it costs already 35 rubles. They can also take 5 rubles worth of food products with them. According to cooperative prices this is 300 grams of sausage. People who go abroad penniless try in every way they can to hide extra gifts and edible goods from the customs service. So they get into line for inspection 8-10 times, each time transferring their goods from the trunk into bags and vice versa. We are ashamed to engage in all this.

In the last 5 years, customs quotas in our country have changed four times. First it was 100 rubles, then 500, then it again returned to 100 rubles, and now they have set a quota of 30 rubles. They tell us this is necessary for stabilization of the domestic market. Such upside-down logic. Are we really facilitating saturation of the domestic market by such prohibitive measures?

In my opinion, today we must place the question in such a way as has already been done in many countries: If you do not have a certain sum of currency, you have no reason to go abroad, provided, of course, we are not speaking about an invitation from close relatives.

[Zyubanov] But, excuse me for the naive question, where are Soviet citizens supposed to get currency?

[Alekseyev] They can exchange rubles for it at the state banks, even if at the lowest, but realistic, rate of exchange, as the Poles did. There you can exchange 100 million if you like (5,600 zloty for one FRG mark). There they have no problems with currency, and even the black market in currency has disappeared by itself.

[Zyubanov] You mentioned automobiles. In the huge line on the Polish side I saw hundreds of automobiles. Can these all really be gifts from rich relatives?

[Alekseyev] The mass influx of foreign automobiles into the USSR—that, along with the cadre problems and the imperfection of our customs regulations, one might say, is the third reason for the "nightmare" at the border. While before we passed 200-300 foreign makes of cars

belonging primarily to Soviet citizens permanently working abroad, today we write up 300 automobiles of foreign production in one day alone. It turns out that a person goes abroad with 30 rubles in his pocket, and returns home in a Mercedes. That is how we encourage people to engage in deceit. Sometimes we have to take away tens of thousands of rubles and up to a kilogram of gold secreted away in some little nook somewhere. This is what the paradoxes of our customs regulations lead to.

[Zyubanov] In Poland I saw many Soviet goods on the market—from televisions to refrigerations of the latest model. Where do they get them there, if you check everyone so closely at the border?

[Alekseyev] That is a specific question. There are around 30,000 citizens of the Republic of Poland working in the Soviet Union. In our clever customs regulations it states that they can take out "one item at a time". But since they go home at least once a quarter, that means they transport not one, but four televisions or refrigerators a year. That is 120,000 such expensive items each year. We are forced to let these goods pass. This is what feeds the Polish junk pile, while we talk about the stabilization of our market.

Epilogue to the interview

In preparing this material for press, we had hoped that the newspaper would help to somehow ease the situation at the Soviet border points with the East European countries, and to correct the crisis situation. Yet literally 3 days ago the USSR Council of Ministers in its resolution prohibited altogether, although temporarily, the exit of Soviet citizens to neighboring countries according to the simplified scheme: On a Soviet passport with special insert. Thus, tens of thousands of our fellow citizens unexpectedly found themselves facing the closed gate.

Yesterday PRAVDA correspondent B. Pipiya went to the USSR Council of Ministers State Foreign Economic Commission. However, there they refused to give any explanation regarding the temporary stoppage of the Council of Ministers resolution to simplify the order of USSR citizens travelling abroad. The answer to the question "What shall we do now?", which is of vital interest to millions of Soviet people, is being kept a dark secret.

Yes, now it has become clear that the liberalization of border crossing was somewhat premature. The number of persons exiting increased 20-fold! The border stations and customs service are not ready for this. Yes, the simplified border crossing procedure has illuminated many problems. And they must be resolved in a calm and businesslike manner, without delay. After all, USSR Supreme Soviet is soon scheduled to review the Law on Entry and Exit.

Economic Benefits From Open, Not Closed Borders Stressed

90UF0431A Moscow KOMSOMOLSKAYA PRAVDA
in Russian 1 Aug 90 p 3

[Article by A. Kaverznev, KOMSOMOLSKAYA PRAVDA correspondent in Budapest: "The Border—Under Lock And Key"]

[Text] A Soviet man is accustomed to waiting in line. Yet when the lines stretch for 5-8 kilometers and 2-3 days, when people perish in them, unable to withstand the trial of waiting, this is an outrageous situation even for us. Yet it is just this outrage which is going on at the approach to the automobile checkpoint "Chop" at the Soviet-Hungarian border. From the Hungarian side, in Zakhoni, the line of cars is a little shorter, by about 3-4 hours. Yet it extends right through the populated area. Tired, short-tempered people, cursing, piles of trash, impatient honking, gunning engines—all this presents a whole bouquet of pleasures for the local residents. Do you remember what we wrote before? A border which does not separate, but which unites peoples.

The lines at our border with Hungary have existed for a long time and have grown in recent years with the development of tourism. Yet the situation grew worse last week after N. I. Ryzhkov announced the decision to temporarily halt the implementation of the government resolution adopted in 1988. To halt it "temporarily, until the domestic market stabilizes". The purpose seems to be a noble one—to combat contraband and speculation. Then, too, there was another justification: The growing discontent of the population living in border oblasts in connection with the mass export of food and consumer goods from them. And that is all. There is no more reliable information.

The IZVESTIYA correspondent evidently had some difficulty in obtaining the information that henceforth the express crossing stations at the Western borders will be closed. Yet, thank God, they continue to operate. At least they are at the border with Hungary as I am writing this material. Exit on Soviet passports with inserts has been discontinued. Now one can leave the country only with a real foreign travel passport.

As it often happens, the resolution had a reverse effect. Instead of stabilizing the situation, it stirred up a rush and caused great confusion.

It was another experiment of bureaucrats over people and another effort to find a simple solution to a very complex problem. The government resolution will not yield the expected effect. I am ready to present several arguments to back up my point of view.

The first and most basic one is that "economic tourism" (I will use this term and we will not be hasty with mass accusations of contraband) will exist not until the domestic market stabilizes, but as long as there are differences between the countries in prices, quality and assortment of goods. Here is an example, if you please.

By our standards, the Hungarian market is saturated—it could not be better. There is absolutely everything in the stores. Nevertheless, there the Hungarians travel to Austria and the FRG for certain goods. And the Austrians come to Hungary—primarily for the cheap food products.

Here is another argument. Goods are taken out of the USSR not only by the “simplified border crossers”—residents of border oblasts who exercise the right of simplified border crossing. Goods are also taken out by foreign citizens. The assortment of the “Polish” market in Zakhoni is the richest. Self-styled merchants lay out, among other things, tools, alcoholic beverages, and household appliances of Soviet production right on the hoods of their cars. The things which have long been in short supply in our country. One might ask, where did they get these things?

Our own fellow countrymen with foreign travel passports, who go abroad by private invitations, are also taking goods out of the country. One of the reasons why they do this, and a rather significant one at that, is that either they cannot exchange currency at all, or they are able to exchange it only in ridiculously small amounts.

Those who go to Hungary, if they are not “organized” tourists or people on business trips, cannot exchange a single kopek for forints. Recently an elderly Lithuanian showed me how he learned to ask in gestures for boiling water for instant coffee at a roadside cafe. By what right should he be placed in such a degrading position?

I can already hear the counter argument: There is no currency in the country. I know that. And there will not be any if we conduct our foreign economic activity by our former methods. Why have we not yet learned to earn currency from visiting foreigners? Not in the sense that we should shear them like sheep. We have enough specialists in that department. Yet why not organize a normal service, necessarily involving the local authorities and encouraging private initiative?

It is an erroneous notion that foreigners and our own citizens merely take out goods, impoverishing an already paltry domestic market. Ninety percent of those who crossed the Soviet-Hungarian border by the simplified method were our own citizens, and these are millions of people per year. They went and are still going not only to visit relatives, but primarily to make purchases. And what thrifty people: They even go to Hungary to recycle bottles. There they are worth more and, then again—it is currency.

It is an elementary thing which our apparatus cannot assimilate. In adopting a resolution, it is necessary to ensure the conditions for its fulfillment. And to try to predict the development of the situation at least for a little while. They have simplified the procedure of exiting the country. As they say, that is a correct decision. Yet it would not have been hard to guess that the flow of tourists would increase many times over. The transport problems have become more acute. In this

same Chop they have still not expanded the automobile checkpoint. This does not require currency, only the agreement and interest of various departments. The border bridge over the Tisa River—a narrow and old bridge—has become the talk of the town. Somewhere in Kiev, they say, a project for a new bridge is being developed. But when will it be built? It is of interest to travellers, but not to departments. And so it is everywhere. And yet today, instead of thinking and doing, a new resolution is adopted: To prohibit.

One of my colleagues was right when he wrote: If we want to enter the Common European house, we must see about its door.

Variation of Swiss Federation Suggested for USSR

90UF0400A Kishinev MOLODEZH MOLDAVIA
in Russian 7 Jul 90 p 6

[Article by E. Rozental: “On the Federal City of Bern and the Threat of Split of the USSR”]

[Text] The student exams have long ago faded from memory, but one has remained—the geography exam taken upon entrance to the international relations institute. Before my very eyes, the instructor “cut down” two entrants. He did this with the same question: Name the capital of Switzerland. The first, without pausing to think, fired off: Geneva. The second, scratching the back of his head, hesitantly said Zurich. The examiner was indignant. How can one be entering an institute which trains diplomats and not know the capital of the most “diplomatic” country! Gathering up all my erudition and will into a fist, I remembered about Bern, and hit the mark.

Imagine my surprise when many years later, while working in Switzerland, I learned that Geneva and Zurich are also capitals and that this country in general has 22 capitals—corresponding to the number of cantons. Yet Bern is the federal city where the central government is located. It deals with problems of foreign policy, the army, transport and communications, i.e., that which the cantons have delegated from their sovereignty. The governments of the cantons deal with everything else: the economy, finance, culture, etc. Matters are going very well in the country under such a system of authority, and at the same time the Helvetians have no shortage of patriotism. All of them are proud to belong to the Swiss nation, although if we judge by Stalinist measures, they are not a nation at all.

When I returned from my trip abroad in the early 70s, my former classmate, who was working as a consultant in the party Central Committee apparatus, asked me: “Well, old man, what did you learn from your Switzerland?” And after I told him in detail about these interrelations between the center and the local areas which so impressed me, he said: “There is something to that. We should think about it too.” And then he added: “Only it

would not be easy to push through. Unfortunately, he who is given to think is by far not always given to introduce."

These words come to mind today when I hear how the people's deputies are arguing over whose laws must prevail in the republics: The republic's or the union's? Yet why not prudently delineate the functions of authority, as is done in Switzerland? Questions of defense of industry are one thing, but those of education are another matter entirely. It is, after all, ridiculous that school children in Moscow and Tashkent begin the school year simultaneously on 1 September. Despite the fact that their climatic conditions are totally dissimilar. When the first snow is already falling in the north, in the south the cotton harvest is still in full swing. Perhaps the laws on property, taxes, pensions and many other questions in different republics (including autonomous), and even in the oblasts, may be different, corresponding to the conditions and traditions of each specific region. I am absolutely convinced that if our perestroika were to start specifically with "delegation of authority", we would not have those economic, national and ideological problems which cause us such headaches. There would also not be such exacerbation of the political struggle, including also within the party itself, which stands today on the edge of a split.

To prevent organizational schism on an ideological or political basis alone is, in my opinion, already impossible. The differences of opinion have gone too far, and any discussions around superficial problems will not lead to comprise. Nevertheless, I believe, a split in the party may still be avoided, although this is difficult. This is because, in spite of all the variance of political and ideological shadings in the programs of various "platforms", all of them also have one thing in common, and specifically—the sincere desire to lead the country out of economic crisis and to make it flourish. And almost all see the initial impulse for future progress as the introduction of lever regulators into the national economy.

It is difficult not to agree with this. Yet it is just as difficult not to agree with the fact that the program of introducing lever relations, handed down to the people from above, from the center, will not solve the problem. That is because it will never be able to take into consideration all those socio-economic and national-historical nuances which exist at the local sites, and consequently it will not be able to interest the people in its practical realization. It will become effective only when it will be worked out by everyone together and by each individually.

Yet this is impossible without the transfer of a significant portion of power from the center to the republics and regions. According to the Swiss example, if you will, but with consideration for our own conditions. Thus, the initiative of the workers will be unleashed, and the backbreaking burden of responsibility will shift from the shoulders of the union leadership to the shoulders of all the Soviet people.

We believe that it is specifically through the question of redistributing sovereignty and clarifying the functions of power in the center and at the local sites that we may achieve the consolidation of forces, which we need as much as air, and prevent the split of our state, which threatens unpredictable consequences.

Role of New Moldavian Foreign Ministry Discussed

90US0470A Kishinev SOVETSKAYA MOLDAVIYA
in Russian 13 Jul 90 p 2

[Interview with N. Tsyu, Moldavian SSR new minister of foreign relations, conducted by I. Tronin: "Difficult Road to International Recognition"]

[Text] Tronin: First of all, Nikolay Antonovich, my sincere congratulations on behalf of our readers and the collective of the SM editors on the occasion of your appointment. We wish you success in the work for the good of all people living in the Republic.

Tsyu: Thank you very much.

Tronin: To the best of our knowledge, your previous activities had little to do with international affairs. Was this new appointment unexpected by you or do you consider it natural?

Tsyu: It is true that officially I was not dealing with foreign affairs, although as member of the MCP Central Committee Bureau, I directly participated in formulating the line followed by our Republic in this important area. I actively participated in the exercise of people's diplomacy and thoroughly studied problems related to foreign policy and diplomacy. I have repeatedly been asked to participate in preparations for and paying official visits by Soviet delegations abroad, which has included my heading a number of delegations. I attended for 2 years the Academy of Social Sciences and Social Management in Bulgaria. Therefore I have firsthand knowledge, so to say, of the work of our diplomats.

I am profoundly convinced that now the most relevant problem of the Republic is the development of dynamic political and economic relations with the other Union republics and with foreign countries. This view was quite well-known to the parliament and the leading circles in the Moldavian SSR. For that reason, as an economist well-familiar with the economic situation of the Republic, I was asked to head the Ministry of Foreign Relations.

Tronin: What role do you assign to your ministry in the recently changed political and economic life of the Republic?

Tsyu: A sovereign republic needs a well thought out foreign policy. Our ministry must be its active promoter although, naturally, a great deal will depend on the strategic decisions made by the parliament and implemented by the government as a whole. We can no longer function as in the past, simply issuing passports for

foreign travel and welcoming foreign delegations. Today the Republic needs a different type of ministry with different functions. I believe that in the immediate future we must make the activities of the Ministry of Foreign Relations much more specific, and free it from extraneous functions. To this effect we are currently actively designing a new structure for the ministry and formulating its new status. We must also draft without delay and pass a law which would clearly determine its position both in conferences of sovereign states (that is precisely the way I see the future of our Union) as well as in the global community. The law should also clearly indicate the role and place of our ministry.

I consider the ministry the coordinator of the Republic's foreign relations in absolutely all areas. To this effect we must, first of all, take stock of the state of such relations and assess and define the role and place of each department within them and rally the efforts of all, including the public organizations, which are subsidized out of the state budget, in order decisively to enhance this area. Please understand me correctly: In no case is it a question of replacing anyone or of giving orders. What I have in mind is precisely the coordination of efforts aimed at achieving a joint objective.

Second, under the conditions of a market-oriented economy, which we have charted, foreign economic relations concern enterprises, associations, companies, cooperatives and the private sectors. The state will not interfere in this process. Its participation in foreign economic activities will be reduced to providing favorable foreign economic conditions for business circles, the formulation of political recommendations, and providing the necessary information. It in this light that we view the economic functions of the Moldavian SSR Ministry of Foreign Relations.

Tronin: How independent does the Ministry of Foreign Relations of the Republic feel in dealing with international problems affecting Moldavian interests? Do you feel the "diktat of center?"

Tsyu: I have spent too little time as yet in my new duties to be able to answer you clearly. As a whole our relations with the Union Ministry of Foreign Affairs I consider normal. The ministry is offering us its help and promising to continue to do so in the future. I also consider very positive and very promising my meetings in Moscow with Comrades Shevardnadze, Kvitsinskiy, Nikiforov, and other heads of the country's foreign policy department. In the course of our talks with them I described the position of the Republic on many issues and I must tell you that I was given their full support.

Tronin: What do you consider your main task as the head of the diplomatic service of the Republic? What, in your view, should be its most important topic?

Tsyu: I see as my main task to rally the collective and to staff it with new specialists, mainly economists specializing in international affairs. We must train our own diplomatic cadres. The problem is that so far they were

trained on a centralized basis, "for the country as a whole." Now, in accordance with the new thinking, the Moldavian Republic must have its own diplomats. They could gain experience by practicing as members of the USSR Ministry of Foreign Affairs and working in Soviet embassies abroad. I do not believe that it is necessary to open specialized educational institutions or university departments in the Republic. We have an adequate number of talented young lawyers, economists, philologists, and historians who need only minor retraining in our educational institutions. This could also be achieved abroad, let us say in Italy, Spain, France, and other countries. I am confident that we can handle the major tasks and we shall try to make our contribution to strengthening the reputation of the Republic in the international arena and to resolving the economic crisis.

Tronin: Today a great deal is being said and written about Moldavian sovereignty and independence. This is a very broad concept which includes independence in the diplomatic area. How do you intend to implement it and what specific steps will be taken so that Moldavia may become an equal partner in the diplomatic world?

Tsyu: Independence in the diplomatic area, to use your expression, will be determined by the overall state of affairs in the Republic and in the Union as a whole. A new Union treaty is being drafted. Regardless of its nature, we are advancing toward the real sovereignty of each republic. Hence the new tasks facing the diplomatic services of each one of them. Work in this area will be extensive. What is happening? According to the present Constitution, each republic is an independent country with all consequences stemming from this fact. Actually, this is far from being the case. Therefore, no one has agreed that we become actual members of the United Nations or other international organizations. That is precisely why many foreign leaders do not establish direct political and economic cooperation with the republics. The situation must be changed and, in order to achieve this, naturally, the existing possibilities should be used, those which are provided by Soviet missions abroad and by the future representatives of Union republics to our own. To begin with, we have agreed to have our own representatives in some Soviet embassies. Soon a consulate general will be opened in Iasi. I am confident that in the near future the Moldavian SSR will have diplomatic missions abroad.

Tronin: What is your personal view: Can the Republic, given its present economic situation, maintain such missions abroad? How much would this cost? Are there countries which have already expressed the desire to exchange such missions with us?

Tsyu: I believe that this is a matter for the not so distant future. Will this be expensive? Naturally, it will. For example, maintaining a single such mission (six diplomats and 12 support personnel) could cost as much as half a million rubles in foreign exchange. In order to meet such expenses we must have an advantageous and profitable foreign policy. For that reason I believe that if

we are a state and if all republics are financed out of the single treasury, the expenses for the maintenance of our missions abroad should be paid out of the Union budget to which all of us contribute. That is precisely the case. As to foreign missions in our country, we are at the stage of the practically resolving the problem of opening a Romanian consulate general in Kishinev. The same intention has been expressed by Bulgaria as well. Many foreign companies and firms will be represented here also.

Tronin: Incidentally, about Romania. You have recently returned from that country. Tell us, please, about the results of your trip.

Tsyu: The purpose of the trip was to develop a closer acquaintanceship with members of our embassy in Bucharest and start talks aimed at opening a Moldavian SSR mission in the Romanian capital. Let me emphasize that we met with support and understanding. We are currently redefining the functions of this mission and are looking over candidates for the top position. Meetings were held with Romulus Nyagu, the Romanian secretary of the Ministry of External Affairs and member of the Romanian cabinet, and other members of that country's foreign political department, to discuss the future of our diplomatic and other relations and the exchange of

consulates in Kishinev and Iasi. Their opening in the near future is dictated by the rapidly developing relations between the two republics and the intentions of hundreds of enterprises and organizations to engage in specific business cooperation, the sharp increase in tourism and visits by relatives. Unlike the "traditional" diplomatic missions, these missions will also deal with gathering and analyzing economic and commercial information, which is quite necessary for business people who intend to set up joint enterprises. A number of plans have been drafted for such cooperation on either side of the Prut.

Tronin: What do you consider the long-term objective of Moldavian diplomacy? How do you intend to achieve it?

Tsyu: The purpose is to do everything possible and even the impossible to improve the living standard of our people. The efficiency of our foreign policy directly depends on the functioning of the economic and political mechanisms in the Republic. We shall tirelessly work for the successful implementation of the planned socio-economic reforms in our Republic and for enhancing its reputation in the global community.

Tronin: Thank you for this comprehensive discussion.

Impact of Changes in CEMA Settlements System Estimated

90UF0461A Moscow TRUD in Russian 15 Aug 90 p 3

[Article by Yu. Vasilkov: "Time To Tote Up the Balance"]

[Text] It seems that our economic leadership is underestimating the possible consequences that the functioning of the Soviet economy will experience as a result of the transition, as of Jan. 1, 1991, to convertible-currency settlements with CEMA member-countries. It would also seem, incidentally, that our CEMA partners also have yet to realize the depth of the approaching changes.

Who Will Emerge the Winner?—This is the dominant question at present, in analyzing the most profound reform in the CEMA's entire history. If previously, when the structure of the "socialist commonwealth" seemed unshakable, judgments and hints that cooperation with the USSR was advantageous only to the "superpower" predominated in the press of our East European allies, today a note of alarm has sounded: How to avoid being left high and dry? The Polish newspaper Trybuna, for example, writes: "Specialists have estimated what it would cost to buy on Western markets the goods that the Soviet Union supplies us and what the value of our shipments to that country is. Unfortunately, the result of the calculations in present-day prices is not in our favor."

But when simple arithmetic does not produce the desired number, a second set of calculations comes into play. In order to close the gap, it is proposed that debts of various kinds be written off, that the allegedly understated value of certain types of cooperation be taken into account, and that compensation be paid for damage caused by the presence of troops (ignoring their contribution to the creation of the infrastructure), etc.

There Are No Guarantees.—In the opinion of many experts, the Soviet Union may indeed stand to gain, in the long run, from the transition to market prices, thanks

to the raw-materials structure of its exports. But initially, the situation could worsen sharply.

Will the former understandings and agreements among the CEMA member-countries still be in operation after Jan. 1? After all, they are based on "coordinated plans," and therefore on allocative rather than market principles. The stability of the former understandings is already showing signs of cracking. Because of internal demand, the Soviet Union recently cut back by a third its deliveries of oil to its CEMA allies, causing an immediate rise in the price of gasoline in Bulgaria and Czechoslovakia. And where are the guarantees that the many CEMA member-countries that participate in cooperative production arrangements with the Soviet Union won't unilaterally renege on them, once they find a more profitable partner in the West or restructure their production to meet domestic needs? Then what will we use to assemble our motor vehicles, aircraft and other manufactured goods that are heavily dependent on "socialist integration?"

A Matter of Days.—It follows from the above that there's an urgent need for enterprises to reach concrete understandings with their traditional partners in CEMA member-countries on cooperation under the new conditions (or on an end to cooperation—an outcome that cannot be ruled out). That is a very difficult and laborious process, and very little time remains—it's now just a matter of days.

Meanwhile, there are no signs whatever of action on that score. On the contrary, everyone has rushed headlong through the wide-open doors to seek partners in the West. The desire to get hold of foreign currency as quickly as possible, at any price, has given rise to departmental egoism that is blocking the normal development of sociopolitical processes. What's the cost of just the Moscow City Soviet's decision that foreigners may pay for their rooms in Moscow hotels only in "greenbacks." That means a sharp cutback in international contacts in all areas.

A step in a sensible direction is to be taken on Jan. 1. But if we don't prepare for it the way we should, the consequences could be unforeseeable, to say the least.

U.S., Soviet Experts on Proposals for Ruble Convertibility*90UF0425A Moscow IZVESTIYA in Russian 5 Aug 90 Morning Edition p 2*

[Interview with V. Rakov, chief expert of the Currency and Economic Administration of the USSR Gosbank, by I. Zhagel: "We Are Studying and Being Studied: The First Direct Talks With the International Monetary Fund"]

[Text] A few days ago Mishel Kamdessyu [transliteration], director-executor of the International Monetary Fund (IMF), made history's first visit to the Soviet Union. Refusing outright to meet with both Soviet and foreign journalists, he conducted a series of talks with the country's leadership, including with N. Ryzhkov and E. Shevardnadze. V. Rakov, chief expert of the Currency and Economic Administration of the USSR Gosbank, was a participant of these talks; we asked him to answer some of the questions of interest to us.

[Zhagel] The first question naturally concerns the purposes of the visit.

[Rakov] Mr. Kamdessyu's visit is directly associated with the meeting of the leaders of the seven largest capitalist countries recently held in Houston. In principle, "The Seven" supported the need for financial assistance to the processes of renewal occurring in Eastern Europe and the Soviet Union. However, in order to determine the volume, forms and nature of such assistance, under the coordination of the IMF a number of international organizations were ordered to prepare the corresponding research, which will then be used as the basis for organizing further actions.

It stands to reason that the decisions of "The Seven" concerning investigation of our economy are far from binding on us. But taking many factors into account, the Soviet government related positively to the West's desire, and it revealed many of its "economic cards," so to speak.

[Zhagel] Of course, a visit by the top executive of the IMF to our country also provides a good possibility for discussing problems concerned with interaction between the USSR and the fund in the future.

[Rakov] The discussion in regard to this issue proceeded in the context of not the Soviet Union's simple interaction with the IMF but the possibility of its joining the IMF. I think that these talks laid the groundwork for a direct dialogue at the highest level to determine the political, economic, legal and other conditions for our gradual entry into the fund. Of course, it must be kept in mind that in many ways the speed of this process will depend on the position of the fund's largest shareholders—the USA, Great Britain, Japan and countries of continental Europe.

Let me recall that the IMF membership currently lists 151 states. And in the immediate future their number

should grow with the addition of Bulgaria, Czechoslovakia and Switzerland. However, I think that the IMF will assume a complete, universal nature only when the Soviet Union begins to participate in it as a full-fledged member. In any case an understanding of this was expressed by both sides.

There is one other thing I would like to say. If we can identify the visit as the beginning of direct dialogue, then we can interpret the report being prepared by the fund's experts on the status and prospects of the USSR economy as the first practical step in the direction of our country's annexation to this largest international currency and credit organization.

[Zhagel] But there is one question: Can we allow this for ourselves, given the present currency shortage in the country, which is continually growing? Were any preliminary calculations made by specialists of the USSR Gosbank in regard to the expenses and potential benefits of our participation in the IMF?

[Rakov] Without a doubt. Contrary to the widespread erroneous opinions, the USSR's entry into the IMF would not entail any **DIRECT CURRENCY OUTLAY**. This is explained by the fact that a country's contribution to the fund, which is incidentally only 25 percent of the quota defined for it for participation in the IMF's capital, would be made from currency reserves. What this would actually mean is only a temporary transfer of part of our currency reserves to the IMF. Moreover every country has the right to buy out its contribution in hard currency for national currency automatically, and without any kind of conditions.

The remaining 75 percent of the quota are deposited in national currency. In practice this would mean opening a USSR Gosbank account in rubles in the name of the IMF. The fund's charter specifies that nonconvertible currency cannot be sold to other countries until the country issuing the given currency has a balance of payments deficit or possesses insufficient currency reserves.

Moreover the many years of experience of the IMF shows that the fund's nonconvertible currency assets remain frozen for practical purposes in connection with an absence of any demand for them. The same situation will also probably exist with the IMF's ruble assets, if their use does not become an object of special agreement between the fund and the USSR in the course of coordination upon the conditions of our country's future entry into this organization.

[Zhagel] And what sort of quota can we count on for our entry? This would depend, after all, not only on the number of votes in the IMF's administrative bodies but also on the extent of the USSR's access to credit resources.

[Rakov] To determine the quota the IMF uses a number of statistical formulas containing indicators such as the gross national product, export and import volumes, the

size of gold and hard currency reserves, and the net balance of payments. Then the mathematically obtained result is adjusted with regard for the current quotas of other countries.

According to our calculations the USSR's quota will be from \$3 to 6 billion. This is a wide estimate because we are not sufficiently clear as to what ruble to dollar ratio will actually be used in the formula. For comparison, let me say that the IMF's capital currently totals \$120 billion. The largest shares are held by the USA—\$22 billion, Great Britain—\$7.6 billion, the FRG—\$6.6 billion, and France and Japan—\$5.5 billion each.

Realistically we can apparently count on a quota of \$4-4.5 billion. On this basis, were the USSR to join the IMF, it would have to transfer \$1-1.5 billion to the IMF account—that 25 percent of the quota which I mentioned earlier—and open an IMF ruble account in the Gosbank, in an amount equivalent to \$3-3.5 billion. This in principle will give us the right to take out various forms of loans from the fund totaling \$10-12 billion over a span of 3 years.

[Zhagel] However, it is no secret that the fund does not grant loans without economic and political terms, for which it is subjected to sharp criticism, especially by developing countries.

[Rakov] But the IMF is not a charity, after all. And this means that adhering to the principle of secured loans is completely logical: The fund must have the guarantee that the money will not drain away like water in sand.

And even when it comes to political conditions, let's be frank. What is so bad about the demand to observe fundamental human rights? It would be more valid perhaps to complain about something else here—that in the past, creditors in both the West and the East partially closed their eyes to the fact that their money was supporting far from popular regimes.

In general, the fund's recommendations are binding only in certain limited cases: when a country seeks a loan in freely convertible currency to cover a balance of payments deficit in an amount exceeding half of its quota, or for structural reorganization of the economy.

But even in this case most of the IMF's recommendations are sensible from an economic standpoint, and as a rule they are coordinated ahead of time with the government of the country receiving the loans. And if such agreement is not reached, and someone feels that the socioeconomic expenses of implementing stabilizing programs exceed the effect that would be received from the loan, this country may reject the loan agreement.

[Zhagel] So when will it be possible to obtain the first loan from the IMF?

[Rakov] There is so much work ahead of us that it would be simply impertinent to make any kind of specific forecasts. The loans will come together with membership in the fund, and this is what we need to strive for. But I

would like to lay special emphasis on the fact that the possibilities for attracting hard currency are not at all the only advantage of joining the IMF. By joining it, our country will achieve fuller, more realistic integration with the world economy, and on this basis the Soviet Union's political and economic positions will strengthen.

[Zhagel] There is one other problem, possibly the most complex. Is our economy prepared to effectively absorb a large influx of hard currency?

[Rakov] As far as so-called unsecured loans distributed by government organs are concerned, there are still many problems in this area. As a rule these assets are provided for the purposes of plugging holes and covering immediate needs. Moreover in recent times, even before the talks on loan acquisition, the governments of the republics have been providing central authorities with lists of things they need—bricks, cement, medical equipment—as long as they could make them, and demanding hard currency for the acquisition of these things. In the meantime they haven't even given a thought to the need for providing feasibility studies on the use of these assets, or to how the hard currency loans would be paid back.

Matters are different with project financing. The creditors—the same IMF for example—would themselves evaluate the effectiveness of their investments, and in a sense give their own guarantee on the project being financed. In such a case the authoritarian administrative apparatus can no longer interfere, and redistribute any part of the assets at its own discretion. This means that broad participation in many international credit organizations is in a sense a guarantee of financial support to everything new and progressive our economy brings forth.

Benefits of Western Economic Aid Doubted

904A0577A Moscow KOMSOMOLSKAYA PRAVDA
in Russian 7 Aug 90 pp 2-3

[Article by V. Popov, doctor of economic sciences:
"Credit, Open Up!"]

[Excerpt]

[Passage omitted—summarizes Western position on extending economic aid]

The transition from the Cold War to detente resulted in a sharp expansion of trade with the Western countries. In the eighties, however, trade with the West fell off to nothing. On the one hand, it turned out that we had nothing but raw materials to sell, and our overcentralized foreign economic mechanism was such that it stood in the way of exporting even those goods that were competitive. On the other hand, political detente was getting bogged down.

Only at the very end of the decade did America, inspired by our perestroika, decide finally on modest steps in economic cooperation with us. The U.S. administration

removed its objections to the USSR's membership in GATT (in May, we acquired observer status there), and it was decided to sharply reduce the KOKOM lists of goods and technologies prohibited from export to the USSR and to set up the Bank for Reconstruction and Development for Eastern Europe. An agreement has been signed, but has not taken effect, granting us most favored nation treatment (it will take effect after we adopt the exit law eliminating the need to obtain exit visas).

So far, however, the United States has not committed itself with credits, although discussion of this issue began long before the meeting in Houston. Those who favor granting loans to us believe that it will aid perestroika, which has now entered a critical phase. But the skeptics, on the other hand, argue that if the USSR obtains loans, it will lose any desire to reduce military expenditures and convert its economy to a market system. Western credits, they argue, will at best only prolong the agony of the administrative system.

A compromise solution will probably be worked out by the end of the year. The West has decided to help us, but it puts a condition: truly radical reforms to convert to a market economy. It will be interesting to see what our answer is to that. Will we accept the conditions, or say that we are not going to "sell ourselves in bondage to imperialism"? Do we need to take the loans or not? If we leave emotions to one side and concentrate on the heart of the matter, then we cannot but acknowledge that Western credits are extremely necessary to us. We have to pay for perestroika, and the longer the transitional period lasts, the more we will have to pay. The costs are inevitable because in the economic sense structural perestroika presupposes major shifts in the placement of resources and manpower: some production groupings and enterprises must be shut down, others reconfigured, a third group expanded, and a fourth built from scratch to replace the previous ones.

Investments have been eating up as much as 30 percent of our national income, and another 20 percent has gone for military expenditures, so that barely more than half has been left for consumption; while the share of consumption in the national economy exceeds four-fifths in the average Western country. This means that the transition to the market, combined with the reduction of military expenditures, will force us to restructure, in the literal sense of this word, 25-30 percent of our production potential.

But this is very good, simply splendid, because once that restructuring is completed, with the same size of the national income, i.e., with the same outdated equipment, with the same low qualification of manpower, with the same resources that are available now, we would be able to consume 1.5-fold more solely on the basis of better organization of effort and by a rise in the efficiency coefficient of our economy. The catch, however, is that this will occur only **after** perestroika, when the market is already in place. But **during** the restructuring,

enterprises will be closed down, there will be unemployment, the volume of output will drop, and there will be a corresponding 25-30-percent drop in the standard of living. At best, the decline of production will last two years, at worst it will last longer, but it will not be easy to hold out even for those two years.

These are not abstract judgments, but a rather simple conclusion from economic theory that has been confirmed many times by economic practice. For instance, in the United States the conversion of war plants following World War II was accompanied by a drop in the total volume of industrial output for two years in a row, actually a deep economic crisis was observed on a scale that fell short only of the Great Depression in the thirties.

Similar processes are taking place even now in many East European countries, above all in Poland, which has moved further than the others in the direction of a market economy. The volume of production in that country, as was expected, will be 25 percent lower this year than last, and unemployment will rise to 1.3 million persons. Enterprises are going bankrupt, and there is rising unemployment in Hungary, East Germany, and Czechoslovakia—even though the share of production groupings competitive on the world market is much higher there than in our country, and the share of the military-industrial complex, by contrast, is essentially smaller. Those countries, incidentally, have already received credits from the West; they are counting on their help to finance the costs of the transitional period, if not entirely, then at least partially.

Perhaps it is worth recalling our quite recent and not altogether happy experience of conversion of wine and vodka enterprises: Reduction of the production of wine and vodka went much faster than the growth of production of nonalcoholic beverages and juices, so that the general problem of the production of all beverages—vodka, wine, lemonade, juices, and mineral water—dropped until the end of the eighties and still has not reached the preperestroika level.

In general, a decline of production is inevitable, and instead of reassuring ourselves with talk about the possibility of a transition to the market without casualties, it would actually be better to worry about shock absorbers—ways of maintaining the standard of living of the population in difficult times. Nor are there very many of those ways, they are all well-known and almost all of them have strings that lead abroad: loans in the West secured with our gold reserves; selling on the financial market the debt we hold from the developing countries (we could probably get \$10-20 billion for them); reduction of aid to friendly countries; and finally, negotiations with the Western countries and international financial organizations on extending us aid to finance a specific program of truly radical market-oriented reforms.

Even as recently as three years ago there was a quite realistic possibility of carrying out perestroika painlessly, without major economic sacrifices, i.e., without a drop in the standard of living. Had we decided then on radical market-oriented reforms and large-scale loans abroad to finance the costs of perestroika, we would have been able to perform a kind of operation under anesthetic—to convert the economy to market principles without tightening our belts. The starting positions for launching economic transformations were far better at that time than today: the external debt was smaller, the consumer market was better balanced, and inflation was lower. Approximate calculations showed that if we had borrowed \$50-60 billion for a term of five years (they would have given them to us at that time), we could have guaranteed retraining, full sufficiency, and new jobs for everyone—for the workers of bankrupt enterprises, for the bureaucrats of discontinued ministries, for officers of the reduced *podrazdeleniya* of the armed forces, and so on. That money would also have been enough to support the market for consumer goods, for social welfare programs, and for investment in housing construction, education and health care, worn-out capital assets....

Nevertheless, at that time, three years ago, we did not decide either to make the transition to the market, nor to take large external loans, and we thus missed the chance which fate proffered to us. More precisely, it was granted us by the leaders in the era of the stagnation, who bequeathed to us an economy that was not efficient, but still at the very least did operate with a certain safety margin.

Now the situation is different. We have squandered away the safety margin to no purpose, without even having really begun any serious movement toward the market. The unforgivable slowness with the economic reforms, the absolutely unjustified pumping of money into distribution channels, the administrative and bureaucratic games with the redistribution of resources (from the accumulation fund into the consumption fund) and with the setting of new prices instead of the transition to normal market relations—in the end, all of that has resulted in collapse of the circulation of money, the severing of established economic ties, strikes, and exacerbation of interethnic and social conflicts.

Economic growth came to a halt, and then an essentially uncontrolled drop of production began. In 1989, the drop in the volume of output occurred for 64 of the 144 designations of the most important industrial products listed in regular reporting, so that the two-percent growth of almost everything which Goskomstat [State Committee for Statistics] recorded at the time was nothing more than a statistical fiction. And in the 1st half of 1990 the volume of industrial production, even according to official data, dropped nearly one percent more. Thus, there neither was nor is there any authentic structural revamping, since there is no market, that topic of so much talk at present, but on the other hand there has been a reduction of production. Now, unfortunately, our opportunities to borrow on the international credit

market are not what they were, but our needs are much greater. Now, even if we could scrape up \$50 billion from all sources (it could hardly be more), it would no longer be enough to cover payment of the bills for perestroika. Now, in other words, we are doomed to paying for the mistakes of our own government out of our own pocket....

We would like to hope that we will be able to survive with dignity the tests that have fallen to our lot. We would like to believe that we have enough restraint to get through the period of economic difficulties that is now inevitable without panic and upheavals. But what is to be done when it all adds up so that without tightening our belts we cannot begin a new life and cannot build an efficient market economy!

But still, you will agree, it is a pity. A pity that again and again—who knows how many times—we are confirming our reputation as a country of missed opportunities.

Foreign Trade Problems of Transportation Sector

90UF0435A Moscow GUDOK in Russian 7 Aug 90 p 2

[Article by L. Kiryushina: "The Race for Hard Currency/ Thoughts After a Meeting of the MPS [USSR Ministry of Railroads] Board for Foreign Economic Activities"]

[Text] How demeaning poverty is. A young woman begs for dollars from cultural workers in order to have her child treated abroad. In Kiev trolley buses and trams have stopped—this is how drivers have supported their comrade, whose child is ill with leukemia and once again hard currency is needed for treatment abroad. The city council has called on labor collectives to participate in collecting resources. Health workers are infecting patients with AIDS via syringes and there is no possibility of purchasing disposable syringes. I am not even talking about everything else we do not have—clothes, shoes, furniture, food, grain...

The MPS's need for hard currency today exceeds assets earned by a factor of 4. This is why one can hear the groans coming from all sides—everything is dilapidated, is falling apart and requires replacement and global renewal.

It is true that I strongly doubt the global aspect. How many such attempts exist within our memories. Light industry was among the first to claim a right to imported equipment. With the help of A. N. Kosygin, president of the council of ministers, it did receive it. Only the clothing and footwear sewn on super-modern equipment cannot be distinguished from those made on domestic, pre-revolutionary machines.

For a long time now I have wanted to clarify what is happening with new foreign technology as soon as it falls into the hands of domestic specialists. A portion is pilfered and removed—this is a fact. A portion is shoved into warehouses. Today in the country we are storing imported equipment worth 5 million rubles.

What about the portion that is assembled and delivered to the state commission? Why is it that in less than a year the equipment becomes unrecognizable and, thanks to experts among the people, reacts only to a fist and a sledgehammer?

I don't know about others, but I see this vandalism as a problem that has developed as a result of the stupidity of cadres. Our entire economy has reached the absurd because from above to below incompetence has prevailed. No other country in the world would have allowed a similar situation because even during the dawn of its development mankind clarified a simple and clear truth—the essence of the flourishing of a state lies in the professionalism of its citizens. A society in which the intellect, talent and skill are not valued is doomed. It appears that for us 72 revolutionary years has been too short a time to understand this...

According to the well-known Parkinson's Law (for some reason I have had to refer quite often to it recently), ignoramuses who find themselves heading firms select the same kind of personnel to work under them. Under such circumstances Parkinson foretold that the firm would become stupider. In the words of a well-known scholar, we have arrived at global stupidity of cadres. For example, the country's foreign economic operations are being handled by a man with a diploma from a higher educational institution for fishing.

As for MPS, today the people who are attracted to this work do not know its rules, conditions, fine points and reservations. There are no politicians or businessmen among them. They are conducting affairs simplistically and in their own way without diplomatic skills or piety. The cook's methods shock foreign partners, but not enough not to take advantage of the situation to fleece ill-informed merchants.

In the minister's directive of 3 July of this year the following facts are presented. The Transbaykal Railroad sold the KNR [Chinese People's Republic] diesel fuel at a price of 223 Swiss francs per ton. The Chinese paid other countries 259 Swiss francs. Old rails went for a price of 179 francs, whereas according to other contracts the price was 415 Swiss francs per ton. Similar losses were borne by the Far Eastern Railway when exporting old railroad tracks.

Both young and old know that bureaucrats have irritated the merchants in our country. But if you have not mastered the competition of the market and do not have any know-how in bargaining, why do you begin to negotiate? The answer is that all of our lives we have been taught that it isn't the gods but the common man who complete the work, and this is why you have to try, to create. A saying became common—those who do not try do not make mistakes. An ideological indulgence for incompetence was created.

But after decades of trying and failing, we still have not achieved skill. The administrative system, the phenomenon that our progeny will study for a long time to come,

valued the ability to be subordinate, to cringe and to render services, and promoted people according to these abilities. And people began to develop within themselves qualities of faithfulness because they were valued much more than professional or business qualities. And today we are bearing the fruit of this.

Last year the Eastern Siberian, Far Eastern and Baykal-Amur railways managed to sell China 44,000 cubic meters of timber, a product that is in extremely short supply and strictly funded, for which USSR Gosplan decreased 1990 MPS limits by the same volume.

There is no point to further stagger readers with facts on bungling. If the ignoramuses were brought before a public court we would hear from them a surprised, "You mean we were not allowed to do that?" How can you judge a person who is naive because of his complete lack of education? It did not even occur to him to make use of middlemen from foreign trade firms within their own Zheldoreksport [Railway export association], for example.

Yes, it will be difficult for the MPS to earn its hard currency. The more contacts with foreign firms the more "surprises" there will be. But nevertheless the hard currency must be earned since beginning in 1990 it will become a law that you can only spend what you have earned. We journalists were even given advice in Zheldoreksport—if you want to travel abroad you have to get your own hard currency. The advice is in the spirit of the times, we accept it with thanks and invite foreign firms to publish their ads in GUDOK.

In MPS the channels for obtaining hard currency have been approved for several years. This includes shipments as well as the export of goods and services. Here the former is responsible for 82 percent of receipts. It is curious that import and export freight is not accompanied by anyone here—we are the only country in the world that allows this.

Even though the shipment of transit containers on the Trans-Siberian Railroad serves as the main source for MPS's hard currency earnings, their volume has been steadily decreasing since 1983. It is possible to travel from eastern ports to the western border in 13-14 days but it sometimes happens that the containers are en route for 80 and 100 days. Who is going to like this? The recently-created Association of Organizations for the Shipment of Export, Import and Transit Freight (ASZhD) of the MPS System does not yet have enough influence on those routes where it is planned to create specialized platform trains for the delivery of containers. Instead of 60 rotators only 39 were developed.

The joint Soviet-Japanese enterprise, Yevro-Aziya Transink, plans to create a dependable and stable system for the shipment of containers between Western Europe, the Far East and Japan. But all of these good intentions may remain intentions. When commercial structures are installed within administrative structures the difference in interests is especially noticeable. It is no accident that

the board heard the words: "No association or joint venture (JV) will be able to do anything without the central boards of MPS." This is really true. After all, the central boards have all the power.

Great potential has been discovered in passenger transportation. Last year the passenger service transported 1.3 million people more than in 1988 in international travel. New trains have been put into operation along the routes: Moscow-Berlin, Leningrad-Sofia, Kiev-Chelm, Zelena-Gura - Kovel, and Brest-Lodz. From the station in Chop it is now possible to travel to Bratislava, Debretsen and Subbotitsa. New routes (cars) that make it necessary to change trains have been introduced (Moscow-Brno, Moscow-Constance and Minsk-Sofia).

Recently GUDOK reported on the first regular route between Moscow and Madrid. In the car with 25 places (10 first class and 15 second class) only six people travelled to Madrid. Two of them were Spanish journalists. Of course they described their trip in the newspaper, and with great emotion at that. They compared the interior and comfort of the car with the cars in which V. I. Lenin travelled. Incidentally, this car was manufactured in the GDR in 1983. It seems that that is not long ago, but according to the scale of developed countries this is already a very obsolete design.

Trips abroad are today one of the most topical subjects in society. The system that kept citizens locked up did not consider it necessary, for example, to develop foreign service—obtaining visas, the sale of tickets, service in railway cars, adherence to travel schedules. All of this is in the embryonic stage or has taken on a monstrously distorted form.

Take a look. In 24 days of July of this year 4,742 international trains travelled there and back. Of these there were delays on 648. On the Western Siberian there were 63 delays out of a total of 84 train trips; on the Lvov railroad—127 delays out of 766 trains, and on the Southwestern—100 delays out of 613 trains.

After the night vigil near cashiers and after the many days of aggravation of nerves in expectation of the exchange of money we still have no guarantee of arriving somewhere on time. For this reason I personally welcome the intention of the MPS to open ticket booths for the sale of tickets abroad to private parties. We really cannot wait for kindness from Intourist, which for so many years hindered our impulses and which, if it is known for anything, is known for its absolute inaccessibility to regular citizens. In essence this organization (travelling groups do not count) served the administrative strata.

Incidentally, MPS is capable of being involved in tourism independently with no less success than Intourist and other departments. A protocol has been signed concerning intentions and Zheldoreksport has prepared draft documents for creating a joint venture with the American firm, Abercrombie and Kent. A train in the "Luxury" category will begin travelling in the

USSR, Western Europe and China. In TsTVR [Main Administration for the Repair of Rolling Stock and the Production of Spare Parts] plants, again on the initiative of Zheldoreksport, a tourist train is being created in retro Russian style. The ministry is planning to open its own hotels, restaurants, stores and travel service. For example, with this goal in mind the Oktyabrskaya Railway created the Khelen joint venture with the Finns to provide services to tourists from Scandinavian countries. In Moscow's Moskva Hotel Zheldoreksport together with Lokomotiv DSO [Road-building department] and foreign partners has opened a hard currency store called Elegant. We can only welcome the association of MPS with business since hard currency earnings are for the good of the homeland.

The branch's export potential is directly tied to the delivery of products from railroad transport enterprises. Of the entire nomenclature of goods produced by TsTVR the West is ready to purchase paddle wheel steamers for hard currency, but under the condition that they conform to European norms. The NPO [Scientific production association] of Soyuzzheldoravtomatizatsiya [All-union railway automation association] is trying to break into the foreign market with its signaling and communication equipment. Intellectual products—the developments of scientists—may be of interest. Considerable income will be brought by advertising if it is up to the necessary standard. We cannot forget individual contacts, which in the business world mean a great deal more than official correspondence.

Last year about 1,000 MPS specialists went abroad, and in the first half of this year—over 800. Together with the board we tried to ascertain who brought and did what. Unfortunately, the reports were constructed so formally and in such a condensed manner that the information could not be discovered so we cannot really discuss this. It is no accident that the director of the administration for foreign ties, L. Malashko, proposed that specialists be heard after their return from their trip abroad.

Two words about finances. In earning hard currency we at the same time lose. The reasons for this are the delay and idleness of railroad cars and misappropriations. Our reasons are age old and we have gotten so used to them that we consider them unavoidable. Yet we bear the loss of millions of convertible rubles.

"All of the routes are on this list," said board member V. Pryadko.

If all of them are, this means that the system is at fault and not one specific individual. The typical picture of collective irresponsibility is the main sign of non-economic relations. Perhaps with a market we will begin to name those who plunder the business and the money by name and patronymic? We are tired of reading and hearing about our scandalous laxity stemming, as I have already stated, from the incompetence of both directors and executors.

At the conclusion of my remarks I have brought up a subject that perhaps a round table discussion should be devoted to—the knowledge and skill of cadres. Today international marketing is being taught in MIIT [Moscow Institute of Railroad Transportation Engineers] for the first time to a group of specialists. Note that this is just the first group. This means that everyone else involved in trade with foreigners is blindly feeling his way. Drawing this kind of conclusion makes one feel very uncomfortable. Taking notes on a board speech, I wrote in my notebook, “grumbles in a monotone,” “breaks into a scream,” and “avoids an analysis of the facts.” Only Yu. Krasnov, the director of the Main Administration for the Repair of Rolling Stock and Production of Spare Parts, impressed me with his creative uprightness, so to speak. Noting how high the technical and qualitative level of world production is, he called for a large-scale retraining of cadres in order to avoid their being dilettantes. He began with himself: “I want to sign up for courses, I want to learn, but with a break from production.”

...So one recalls the phrase so familiar to the older generation, “Be vigilant” and wants to paraphrase it into “Be educated.” Ignorance is costing us too dearly.

Government Directive Impede Leningrad Firm's Foreign Trade Activities

90UF0468A Moscow IZVESTIYA in Russian 16 Aug 90 Morning Edition p 2

[Article by Ye. Solomenko, Leningrad: “A Fable of National Importance; Departmental Instructions Block the Road to the World Market”]

[Text] When the Leningrad Oblast Consumer Union concluded a contract with Chinese companies in December 1988, it estimated that the deal would bring it a profit of 2.5 million rubles. The Chinese side was to supply us with children's clothing, shoes, leather jackets and a number of other useful items, a total of 78 different items greatly desired by the Soviet consumers. In exchange, we would procure timber, buckets and chemical fertilizers (on the basis of above-plan deliveries, thus not to the detriment of state orders or the countryside). Instead of a profit, however, the Consumer Union incurred a debt to its partners of 1.5 million Swiss francs.

The reason is that 3 months later, in March 1989, the USSR Council of Ministers passed a resolution dividing those wishing to trade with foreign countries into those who could and those who could not. The Consumer Union did not find its name among the “permitted” enterprises.

It is true that 4 months later, with a new resolution, the government nonetheless authorized the consumer cooperative to trade with foreigners. Now, however, a license had to be obtained for selling timber and fertilizers. The Leningrad people submitted their petition to two Union ministries: the Ministry of the Timber Industry and of

Chemical Fertilizers. They were given the run-around by both. Now, as innocent victims, not knowing what to do, they sadly stare at the growing amount of the penalties for contract violation.

Yet, literally a few days before the conclusion of this unfortunate contract by the Leningrad Oblast Consumer Union—LOSPO—on 2 December 1988 the government had resolved that starting with 1 April of the following year a green light will be given to foreign economic relations developed by Soviet enterprises and organizations! Soon afterwards, however, the Council of Ministers appeared to remember something and, without waiting for the date promised by Yuryev for the “enslaved” entrepreneurs, issued a new directive: you must first register and then you will be issued export and import quotas, then apply for a license and meet a few other formalities. Only then if, naturally, you can withstand all this, go and trade to your heart's content!

The misfortunes of the LOSPO are indicative, bearing in mind that it is a professional buyer and cannot be suspected of inexperience or inefficiency. This is a solid enterprise: its annual sales total a billion rubles. In terms of efficiency in export and import operations, it is in first place among all consumer societies in Russia. However, even this experienced leader finds himself stuck. Why?

Since 1986, our central departments have displayed an entire array of fireworks of resolutions and instructions which regulate foreign economic relations. In the past 2 years their “regulations” have been essentially on the side of “not allowed.”

Thus, last April the USSR Ministry of Finance issued the following instruction: 85 percent of all profits from foreign trade earned by the consumer cooperative must go to the treasury. Almost half of the remaining 15 percent must be used to pay eight (!) different taxes. Actually, it is considered unseemly for the personnel of cooperatives to feel hurt: they are still not stripped down to the skin. The Ministry of Finance appropriates from state enterprises the entire profit from such operations.

Actually, a great deal of activities in this area are incomprehensible from the point of view of logic and common sense. What was the reasoning of the ministry, for instance, in determining who should give what percentage of his foreign exchange income to the state? Why, for example, the rate for DOSAAF is 20 percent while it is 80 percent for the Gosagroprom? Obviously, it is considered that the fatherland is surrounded by enemies and how can we fail to support DOSAAF! As to the peasantry, it will somehow manage....

The first list of goods which cannot be traded without a license was followed by a second. However, even this was half not as bad as the procedure for obtaining a license. To request it one must submit to the USSR Ministry of Foreign Economic Relations exhaustive information as to who is the purchaser, what type of transportation will

be used, at what point will the border be crossed, what is the price of the commodity, in what currency will it be paid for, etc.

In other words, we engage in serious talks with major foreign companies and their envoys frequently come to the Union to discuss all the necessary conditions in detail. At that point, instead of initialing the virtually ready contract, the Soviet side runs "upward," to seek a license and is frequently refused, after which it helplessly waves its arms: "Forgive us, gentlemen. We would be happy to do it but the ministry forbids it!..."

This summer, a kind of border incident took place near Vyborg: on 11 June a store for customs-free trade, for tourists in transit, was solemnly opened in the area of the Torfyanovka border crossing point. The co-owners were the Irish Aer Rianta International Company and the Vyborg Consumer Society. The proper speeches were delivered and smiling representatives of both sides cut the ribbon. Everything was as it should be except for a small detail: the store... has no trade permit.

"This is because for more than 1 year the Ministry of Foreign Economic Relations has not come around to issue the permission for its opening," explained V. Kovalev, chairman of the LOSPO Board.

That same ministry also put a padlock on another joint enterprise within the LOSPO system: The LenPK-BIM, which was planning to sell personal and home-use computers and to process agricultural raw materials. So far it has received orders for computers, totaling half a billion rubles, for this is a most profitable and most scarce commodity! In exchange, it would ship to the West morels, other edible mushrooms and cranberries. However, the ministry is vigilantly watching over the native land: "We cannot trade Soviet morels for bourgeois computers!"

Last autumn the reindeer breeding farms in the Komi ASSR turned to the LOSPO: "Buy our reindeer horns and hides!" The Consumer Union immediately refused the hides for they required a license! Horns, however, are in demand and require no license. LOSPO started looking for customers which it found and with which it made agreements. The signing of a contract was possible but, at this point, the latest list of goods requiring licenses came out. Needless to say, in addition to others, it included horns....

It is as though a bureaucrat has entered in competition with entrepreneurs: find yourself a partner while I will introduce a license which I shall not grant you. If you have concluded a contract I will totally forbid you to trade with foreign companies, for I too am a peddler in international trade! You want to pay for foreign purchases with morels? We shall declare this item a strategic raw material! You want to trade cranberries for computers? Cranberries will be classified an item of state importance!

Enterprise always involves a risk. A joint enterprise means a joint risk. Why should foreign companies share with our merchants any responsibility for such a confusion of directives?

Yes, our complete attraction for international commerce is quite a contradictory process. The new "gold fever," and the tempting rustle of foreign currency turned a number of heads. The dashing buyers started plundering and selling out our nature for the desired treasures.

Prohibiting instructions, however, will protect no one from poachers. State control over our trading with foreign companies is necessary. However, it must precisely be state control, based on state and not ministerial interests. We do not need a dozen departmental cattle prods (which create even more confusion and misunderstanding) but clear and knowledgeable laws and control over their observance. Otherwise, as in the past, on behalf of the state we shall be selling petroleum, natural gas and other raw material resources, dipping into the pockets of our own children and grandchildren and, on behalf of the Soviet entrepreneurs, offer on the international market rubber boots and galoshes. That is precisely what the Leningrad Oblast Consumer Union must limit itself to doing today.

Problems of Development, Foreign Economic Cooperation in Tyumen Oblast

90UF0467A Moscow PRAVDA in Russian 16 Aug 90
Second Edition p 3

[Article by V. Orlov, PRAVDA correspondent, Tyumen Oblast: "Brighter Without Torches in the Tayga"]

[Text] During a recent visit which Margaret Thatcher, the British prime minister, paid to our country, she met with V. Chertishchev, Tyumen CPSU Obkom first secretary, and Yu. Shafranik, chairman of the oblast soviet. This fact remained unnoticed by the country's public. To the people of Tyumen it was an important event. The British John Brown and Linde companies signed a contract for building a joint enterprise for the production of polymer fabric in Novyy Urengoy. This will not only rescue the Siberians from the "fabric deficit" but also will meet one-third of the country's needs for this product.

The future enterprise in Novyy Urengoy is a typical example of a compromise solution of the problem of Siberian petrochemistry, which finds itself in an impasse. Instead of the previously planned building of a multi-billion monster in this polar city, which would have taken a decade, in 2 to 3 years a relatively small (employing between 300 to 400 people) modern compact production facility, using the latest technology, will be built. The fact that it will be ecologically safe will be seen by the Novyy Urengoy population itself. The companies invited a delegation from the city to visit similar enterprises in Austria and England.

Anyone who has had the opportunity to fly at night over oil fields would probably remember for the rest of his

days the fantastic view of a fearsome purple glow, as though flying over hell.... The torches are burning day and night. In Tyumen Oblast, every year about 18 billion cubic meters of so-called wellhead gas or condensate are burned up. Yet this product is even more valuable than the "black gold" itself. It is as though, in helping the people, nature itself has developed a process for petroleum distillation and manufactured the volatile condensate: just take it and produce from it anything you wish....

We are not simply wasting foreign exchange in flames but also destroying a no less valuable resource—oxygen. It has now become stifling in the Siberian tundra.

We should have halted the development of deposits in a proper economical way until we developed a comprehensive petroleum and natural gas extraction system. Obviously, however, the country cannot survive without it and nature cannot tolerate cyclopean construction projects.

"However, without developing the refining sectors, our oblast has no future," V. Chertishchev said. "Petrochemistry is an energy-intensive production. Our oblast has a surplus of electric power and an adequate amount of water. We believe that now a proper solution has been found. We shall build in the oblast medium-sized and low capacity plants and combines, oriented toward specific deposits. This offers several advantages: a drastic reduction in the time needed for construction, fast production and cost recovery. Such enterprises do not require huge treatment facilities. As everywhere else, the petroleum masters are feeling the shortage of fuel: every year the oblast imports some 4 million tons, using thousands of trains! Yet all of this could be obtained locally and thus relieve the already overburdened Siberian railroad."

Plants for the production of diesel fuel and high-octane gasoline are already under construction in Surgut: they will yield millions of tons of fuel annually. Furthermore, low-capacity systems for the production of diesel fuel and bitumen are already operating or are under construction at the Nizhnevartovsk, Urengoy, Nefteyugansk and other oil fields.

Indicative in this respect is the experience of the Tobolsk petrochemical workers. Today one can meet in this ancient small West Siberian city guests from all over the world. The local petrochemical combine processes annually some 3 million tons of a wide fraction of light hydrocarbons. It is increasing its capacities and the production of goods needed all over the world. More powerful than a magnet, it draws to itself business people from overseas.

In the view of the people of Tobolsk, if we could combine our efforts with good partners, splendid results could be achieved.

"Two years ago," said V. Yudin, the general director of the Tobolsk Petrochemical Combine, "an agreement was

reached during the visit which the Italian prime minister paid to our country, to create, on the basis of our combine's facilities, the joint Sovbutetal Enterprise. It will produce butyl rubber, which is a most valuable raw material used in many sectors. Construction is currently in full swing and the facility will be commissioned in the first half of 1993."

Sovbutetal became the first harbinger, followed by a bigger joint enterprise known as Wespek, or the West Siberian Petrochemical Company. Together with the Tobolsk Petrochemical Combine it included as its co-founders the American Combach Engineering and the Finnish Neste companies. The enterprise will manufacture polypropylene, which is a base for the production of a wide range of products, such as synthetic covers, strong cord, disposable syringes and many others. Wespek's most important product will be thermoelastoplast or liquid rubber. This is a commodity worth its weight in gold, which is in great demand.

The period of organization of this joint company is currently coming to an end: contracts are being signed and licenses purchased. The building of the shops will be undertaken soon and the enterprise will be completed in 3 years' time. Another particular feature of this project is that the Wespek production facilities will be built not by our construction workers but by a consortium of Western companies. The likely subcontractors will be Mitsubishi and Tojo Engineering (Japan), Lummus Krest (United States) and Montedison and Technimont (Italy).

"Do we need such a large number of foreign companies and are we not squandering our national wealth?"

"This meets a long existing need," V. Yudin answered. "Our country has fallen behind in the production of a great variety of basic petrochemical goods. For example, in terms of polypropylene production we are behind the United States by a factor of 2.5; we are even much farther behind in the production of thermoelastoplast. Yet all of this could be obtained in our country in huge quantities. However, we are behaving like a dog in the manger or even worse. Despite our poverty, we are simply destroying a huge wealth...."

Yudin's indignation is understandable. The Tobolsk Petrochemical Combine is processing some 3 million tons of a broad fraction of light hydrocarbons per year. Meanwhile, throughout the oblast, every year the torches are burning up yet another 8 million tons of a broad fraction of light hydrocarbons. As primary raw materials alone, this wealth which is being burned is assessed at 800 million rubles. The goods which could be produced from such a barbarically destroyed well gas could earn us many billions of rubles annually.

The main benefit of our contracts with foreign companies will be obtaining investments and additional funds. The advantages which the Soviet side will derive is that we shall not be waiting for our economy to become sufficiently developed to have the financial possibilities

for the implementation of expensive hydrocarbon processing facilities. An agreement has been reached with Western export-import banks which will lend to the joint enterprises in Tobolsk easy-term loans totaling \$1.3 billion.

Some of the industrial polypropylene will be exported to settle accounts but most of this valuable product—270,000 tons per year—will be kept in the national economy. The Wespek joint enterprise alone will have an annual profit of 1.4 million rubles; the borrowed amount will be repaid out of these earnings over a period of 7 years. Let us hope that everything planned in Tobolsk will be carried out.

We must also mention what is being done for the people of Tobolsk. Every year the combine completes for this 100,000-strong city 100,000 square meters of housing with amenities; 15 combines for children, five schools, stores and service enterprises have been completed.

International relations have broadened opportunities. In concluding contracts with foreign companies priority is given to projects which provide the petrochemical workers and the population of Tobolsk with some immediate specific benefits. Thus, we acquired a sausage-making plant, which recently began operations; equipment has been received for the production of fashionable athletic foot gear, two dairy farms for 50 head of cattle each with refrigerating, pasteurizing and cheese-making facilities. Purebred highly productive cattle have been procured as well. We visited the construction site where Yugoslav construction workers were building a supermarket with facilities for 1 billion dollars' worth of goods, a fruit and vegetable storage facility for 5,000 tons and a fast-freezing chamber. Both projects will be completed by 1 October.

The director is particularly concerned with medical facilities. V. Yudin has decided that they will be on the average European level, so that every resident of Tobolsk will have medical services as good as, let us say, those used by a person living in Milan or Stockholm. Tobolsk has already obtained two offices for dental prosthesis which make porcelain teeth. No problem exists with disposable syringes. Other most advanced medical equipment is being procured as well.

Georgian Businessman Assesses Republic's Foreign Trade Prospects

90UF0443A Tbilisi MOLODEZH GRUZII in Russian
13 Jul 90 p 5

[Article by D. Veruleishvili, General Director of the Georgian SSR Council of Ministers' Gruzimpex Foreign-Trade Association: "The Push to the Market—What's Impeding It?"]

[Text] We have grown accustomed to the now-current statement that the republic's economy is in difficult straits, and we can list a multitude of causes for that condition. We know about being pessimistic.

But there is one area on which our future is largely dependent, as is the well-being of Georgia's economy—particularly where the question of real political and economic sovereignty is concerned. We have in mind the republic's foreign-economic activity.

Today, a host of problems have piled up in that area as well, and the situation will be further compounded by the transition to the market. Therefore, the quicker we solve those problems the more confident we'll be able to feel tomorrow, under market-economy conditions.

The economic transformations of recent years have made necessary the creation, in the republic, of organizations engaged in foreign-economic activities. The Gruzimpex [Georgian Import-Export] Association, The Georgian SSR Council of Ministers' republic foreign-trade organization that was created in 1988, is one such organization of ours. It took a lot of work to put together the key management personnel, shape the portfolio of export-import objectives and set up specific groups to conduct the foreign-economic activity. And our efforts were not in vain.

Last year was a successful one for the association. It expanded its foreign-economic ties with many of the world's countries, concluded 66 contracts for a total of 77.8 million foreign-currency rubles, and paid 33.8 million rubles into the republic budget. It fulfilled by 140.2 percent its plan for profits in freely convertible currencies. We got off to a rather good start this year as well. It would seem that the real usefulness and real possibilities are obvious. We are earning foreign currency, and our economy's need for such currency goes without saying. In recent times, however, the association has been running into substantial difficulties in its foreign-economic activities. The resolution of these difficulties goes beyond our authority and must be dealt with at a higher level.

I have in mind the fact that the stepping up of foreign-economic activity, the republic's profitable integration into the international division of labor, and its broad-based entry into the world market are being significantly impeded by a number of the USSR Council of Ministers' recent resolutions, sharply limiting the association's possibilities and establishing a virtual monopoly on foreign-economic operations on behalf of Union departments. These resolutions have established export licensing for most of the goods that make up the republic's exports.

Border-and coastal-area trade with Turkey offers favorable prospects for our republic's foreign-economic ties. Concrete steps have already been taken in that regard. The republic's leaders have signed a memorandum on trade and economic cooperation with Turkey. Here too, however, a Union-government decision made this year raises doubts as to our side's ability to meet the obligations that it has assumed. Proceeding on the basis of that

resolution, the USSR Chief Customs Inspection Administration has been granted the right—without the concurrence of the republic's Council of Ministers—to reorganize and even do away with the republic's customs administration; the settlement of Sarpi has been dropped from the list of border-crossing points slated for reconstruction and modernization in the period 1991-1995; and republics have been advised to transfer border-crossing points to the Chief Administration's books and to remit 100 percent of all customs receipts to the Union budget, including profits from operations conducted over and above the state plan. The customs authorities are taking a somewhat aloof stance—they show little concern for our problems and needs, which simply do not exist for them. But it is quite obvious that there's no point in talking about real successes in our undertakings if the customs authorities are not subject to republic jurisdiction.

The aforementioned documents are contrary to the principles of developing Georgia's foreign-economic ties, violate the republic's sovereign rights, and lower our prestige. A similar policy is followed by certain central agencies (the State Planning Committee, the Ministry of Foreign-Economic Relations, and others) that give about 90 percent of all planned export-import assignments to all-Union foreign-trade associations, thereby virtually excluding republic agencies from this process. And that's not all. Appropriate resolutions notwithstanding, the associations of the Ministry of Foreign-Economic Relations and other Union ministries either give out distorted information on market conditions or none at all, doing everything possible to hinder foreign-economic activities in the industries under their jurisdiction. All these questions are at the center of the republic government's attention, are being put to the central agencies and will, we hope, find a positive solution.

So much for the center. But there are purely republic-level problems as well. At present, the multitude of association, joint enterprise and individual outside organizations (various branches and representatives that are often not registered in the republic and are actually engaged in speculation) are not in keeping with the republic's interests, since their activities often lead to serious pricing errors when contracts are concluded. On the one hand, this does economic damage, and on the other, it hurts the republic's prestige abroad. Losses have also been significant from the independent actions of enterprises under Union jurisdiction that are located on our territory. As a result of the foreign-economic operations that they carried out through Union organizations—in circumvention of our association—the republic lost more than a million dollars last year alone. The aforementioned problems are just some of the ones that confront us today and that must be solved.

The transition to a market presupposes a thoroughgoing reorganization of the existing foreign-economic structure. That's why we need a precise, carefully weighed strategy for our foreign-economic policy. In that connection, the principal concerns must be a thoroughgoing

modernization of the economy, the accomplishment of highly important economic tasks, and the enhancement of export potential, since the republic's difficult foreign-currency situation will inevitably lead to a reduction in imports. To achieve all that, the republic's economic complex will have to specialize in the production of finished goods, including high-tech goods, and in services in traditional sectors; in raw-materials exports, efforts should be geared to increasing the degree of processing and to the preponderant use of renewable types of raw materials—in short, a purposive export-import policy is needed. It is not our intention here to lay out our conception and our understanding of the question at hand, since the strategy of the republic's foreign-economic ties under market-economy conditions must be developed through the efforts of many organizations. But there is a question as to who will implement the program that is devised, and what agency will assume those functions. The answer is generally known: the republic Council of Ministers. And it's hard to object to that. The situation is more complicated than it seems at first glance, however. First, now that enterprises have obtained the right to enter the foreign market on their own, and now that the number of joint enterprises, associations and other such organizations is growing, the Council of Ministers is evidently no longer able to oversee these processes; second, because of the restrictions established by Union agencies, the republic government is not able to provide us with export-import assignments. And office space is another question. One might think that that problem is not as important as those discussed above, but I believe it's not hard to imagine what sort of impression foreign partners form of the government foreign-trade organization when they spend time negotiating in our "office," which consists of several run-down rooms crammed with employees.

Let us get back to the main thing, however. In this situation, it would apparently make sense to create a single independent agency, with interdepartmental authority, to solve problems of regulating foreign-economic ties. This would make it possible for most questions of foreign-economic activities to be concentrated in the hands of the department in question. Naturally, we can be accused of monopolistic intentions and of championing the creation of a new administrative-bureaucratic apparatus—and that at a time when the country has decreed a policy of decentralization. But the need for the existence of such an agency is keenly felt at present, in the period of transition to a market mechanism of economic management, when, in the absence of a developed market infrastructure, established ties are being broken and new ones are not being forged immediately, and when, for want of a single republic center for handling questions having to do with the pricing of export goods is resulting in large currency losses because most organizations that have obtained the right to enter the external market directly are ill-prepared for foreign-trade activities. And this is by no means an original idea of ours. The Union republics are

already resolving these questions and setting up republic foreign-trade ministries or administrations.

It should also be noted, however, that the existence of such an agency will only be justified if the customs service is made subordinate to our republic government, and if the republic obtains the right to issue export licenses and establish export quotas for goods produced by branches under republic jurisdiction (or imported by them for their own use), for mineral raw materials processed by enterprises in our republic, no matter which department's jurisdiction they are under, and for production scrap and goods produced from such scrap—i.e., if the republic's sovereign rights are fully ensured and observed. Without a solution to these problems that the republic government is working on, one would have

to be a great optimist to hope for a change for the better in our situation where foreign-economic activity is concerned.

And one more thing. The question of training personnel is very important today. The republic is experiencing an extreme shortage of specialists on foreign-economic ties. We have therefore decided to establish a Gruzimpex Association scholarship for students from the republic who are studying our specialty in Moscow, Leningrad and Kiev. It makes no difference where the young scholarship student might work after graduation from an institution of higher learning—whether it be in our association or in some other organization. The main thing is the preparation of skilled specialists capable of resolving questions in a professional manner. I believe that other organizations will also support us in this new departure, as will all who are concerned for the republic's future.

Phenomenon of American 'Melting Pot' Discussed

90UF0401 Moscow IZVESTIYA in Russian 28 Jul 90
Morning Edition p 6

[Article by L. Koryavin: "Alloy of Nations. How Ethnic Relations Evolve in the USA"]

[Text] Of the United States' numerous problems we have probably dealt least of all with ethnic problems or, more precisely, with the question of its ethnic structure. We are not speaking of problems of racism and the extensive discrimination of the black community associated with them. They have not been taken off the agenda to this day. Overt racial barriers have been removed, but the invisible boundaries dividing the white and colored populations of America remain.

We are speaking of something else: how a conglomerate of different nationalities manages to live together and coexist on the scale of the entire vast country. The ethnic fabric of the United States formed from copious streams of immigration. The USA is a country of immigrants. This has become a standard phrase. Since 1900, one-quarter of the population growth has been nurtured by the arrival of natives of other countries.

Pragmatic plans of developing the New World, the "gold" and then "oil" rushes of California, the formation of industrial belts, the blast and open-hearth furnaces of Michigan and Pennsylvania, the first skyscrapers of Chicago and New York were like beacons attracting millions of new settlers across the ocean. This flow was especially facilitated by the perceived stability of the country. Stability not only in the sense of rhythmically operating economic flywheels, and with them constancy of earnings, but also such a factor as, for example, the distances separating the United States from world conflicts: an immigrant from Europe no longer feared being yanked from the factory floor into the trenches.

It is unlikely that many immigrants knew Goethe's words from his poem, "To the United States":

"America, you have been more fortunate "Than our old continent, "You do not know castles in ruins..."

But that is precisely what they were thinking: that the New World had natural barriers for protection in the form of two oceans and, most important, they envisioned rosy prospects of eternal material well-being assured by the system of a society of "equal opportunity." To be sure, many things shattered the immigrants' illusions, especially the "Great Depression" which hit the country along with the crisis of 1929.

But immigration did not stop. One wave followed another. And today, too, the influx of new settlers continues to be strong. However, it is not as spontaneous as it was in the past. The American state began seriously to regulate and direct it into channels advantageous to the business community. An article in FORTUNE magazine is indicative in this respect. It considers that the

birth rate in the USA is already declining. It may prove "devastating for our economy in the nineties." The magazine has in mind the potential danger of a labor shortage, moreover, not of skilled labor, but of labor to fill "menial jobs." For that reason immigration policy will give priority not to immigrants from, say Europe, with skills and education, but to people from the developing countries of Asia Africa and Latin America, that is, to "cheap labor" for building factories, housing, roads and other projects.

What were the flows that went into the formation of what is today called the "American nation"? With the beginning of immigration America's indigenous populations—Indians and the peoples of Alaska—became ethnic minorities relegated, in effect, to the status of "exhibits" in America's ethnic museum. There appeared what in the USA has been called a "melting pot." Upon reaching the shores of America newcomers from other countries passed through its crucible to weld into a new entity.

Three groups of people—of English, Irish and German extraction—constituted the core of the American population that contributed to the concept, "American nation." It was their blood that flowed in the veins of those who, on American soil, became farmers or millionaire businessmen, bank clerks or presidents. At present, according to statistics, the descendants of those three groups number up to 50 million in each, i.e., they account for more than half the population.

The other part of America's population is more motley. The largest group numerically are Americans of African origin, that is, descendants of the black slaves brought into the country: 28,900,000. They are followed by people of Central and South American extraction: 19,400,000. And then there is, it seems, the entire ethnic atlas of the world, representatives from all its continents. Take Europe. The greatest number of immigrants - 10,000,000—are from Italy, 8,000,000 from Poland, 6,000,000 from Holland. Descendants of emigrants from Russia and the USSR number 2,800,000.

It is in the context of this vast ethnic conglomerate that relations between ethnic groups in the US are of interest. But more important, of interest are the structural features on which these dozens of ethnic groups inhabiting the United States are based, live and coexist. The word "coexist" seems to me most appropriate in this context. Or, more precisely, its synonyms describing how they co-work and co-rest... co-study and co-relax... In short, how they are co-born and co-live... There are millions of them out there, they speak English, but many have preserved their native tongues, their ethnic identities and traditions.

With such a varied palette, are there manifestations of ethnic hostility in the USA? Of course there are. There is racism, which has so deeply pervaded the country's social soil. One often sees press reports of anti-semitic actions and associated vandalism. Lately relations have

become strained between whites and Hispanics, especially, for example, in Florida, which has become a haven for an influx of people from Central and Latin America. It has become so great that whites there are faced with the threat of becoming an ethnic minority, which has given rise to "white nationalism." The same is true of California, where there will soon be more Asians and Hispanics than white Californians. Some regard this as a kind of fated "vendetta" for the past: We once overwhelmed the Indians, now Asians and Hispanics will overwhelm us...

But for all those negative aspects, ethnic contradictions in the U.S. do not escalate into blind fanaticism, they do not acquire forms of civil confrontation, still less of bloody struggle and human cruelty, even though, I repeat, isolated acts of violence do occur: in Florida a black policeman killed a Hispanic; in New York some white youths drove a young black man under the wheels of a passing car: you can read such reports in police reports. But these are manifestations of racial rather than ethnic hostility.

The overall unity, the peaceful unity of the American nation, the coexistence of dozens of ethnic groups, is sealed by law, and the roots of this phenomenon must be sought in the very system of American federalism. An important factor contributing to ethnic equilibrium is the country's standard of living, the absence of any differences between states in this respect. Of course, there are many people living below the poverty line, there are the homeless and the unemployed, but the overall indicator, the standard, so to say, of "average Americans"—and they are the majority—is high. Furthermore, one state does not differ from another in respect of material goods. The per capita output of basic necessities is the same in all states. All supply and pricing processes are regulated by the American market system, and the word "shortage" is never used there in the context of material production.

The American state did not, understandably, evolve peacefully. The processes of establishing the federation were complex. They were even accompanied by wars. Whereas Louisiana was purchased for money, the fate of Texas was decided in war. It had long belonged to Mexico, but the American plantation owners who settled there began the so-called Texas War (1834-1835), achieving first secession from Mexico and proclamation of an "independent republic," and then joining the USA in 1845. Today the state has a considerable Hispanic population, but no one advocates its return to Mexico...

The "Founding Fathers" of the American state established its territorial administrative divisions not according to ethnic features, although there were some who had suggested as much. Thus, the German settlers of Pennsylvania and Swedes in Minnesota were simply denied the establishment of ethnic entities. But that was from the legal aspect. Actually, though, no one in the U.S. objected to the existence of large ethnic communities with all their derivatives: preservation of language,

traditions, and even more so, religious convictions. So that to this day in Chicago, for example, there is a large Polish community, there is a Lithuanian community (almost all Chicago speaks with an accent...), San Francisco and New York have their "Chinatowns," and in Florida there are whole Hispanic neighborhoods. To say nothing of the black population, which is a majority in most big cities.

Yet none of the communities of settlers have ever been constitutionally granted their ethnic entities. The uniqueness of the United States, as they often say there, is that it is a country, "not of separate nations, but of separate individuals." The Constitution—that is to say "world outlook," not genes—is what unites Americans. Over two centuries a specific etiquette has evolved on the ethnic issue, or rather, a kind of unwritten law. Its idea is: Use common sense and suppress your ethnic prejudices. In this context the words of Benjamin Franklin are often invoked: "United we stand, divided we fall." This is cited in the context of both ethnic issues and questions of relations between the central government and the states. Americans have always strived for the nation's cohesion, and it was assured not only by appeals, but also by practical actions. Lincoln fought actively to preserve the country's unity and refused to accept the southern states' secession from the Union.

So while racial and ethnic frictions exist, there is no ethnic problem. That, perhaps, is the formula which defines the relations that have formed between the dozens of ethnic groups inhabiting the United States. At the same time, the status of "U.S. citizen" is held in high regard. It is not so easily attained by those who pour into the country with the flow of immigrants. Lately the U.S. Immigration and Naturalization Service has been setting stiffer conditions for receiving permission to enter the country. The requirements include having close relatives, good health, high professional skills, knowledge of English. Favorable consideration is given to those in whom, as I mentioned before, the U.S. has a special need: manpower. Priority consideration is given to people granted "refugee" status, but it entails a number of strict stipulations.

Citizenship is granted unconditionally to people who arrive as the spouse of an American citizen, but even then only after three years, which is a kind of "fidelity" test period... Others have to wait five years, and after such "legitimate" residence they must pass a special test to acquire citizenship. Some fail, in which case they must either leave the country or can remain if they have relatives. But they remain as "second-class" citizens and are denied social benefits, various types of medical insurance, and even opportunities to hold a skilled job or work in their field, especially if it involves a higher education. The only diplomas recognized in the US are American.

In short, to settle in the United States an immigrant has always had to pass a difficult legal test. And not only legal. There is also the test of life. Some have managed to

mount the captain's bridge of the ship of "equal opportunity," others have remained overboard. The "melting pot" has yielded not only "precious ingots," if one can apply such an image to the settlers from the initial waves of immigration, the pioneers of the Far West, many of whom became millionaires, but also "slag," that is, those who remained on the lowest rungs of the social ladder.

At present there is a tendency in the US not only to regulate immigration flows, as mentioned before, but also to restrict them. Some (55 percent of all Americans, according to opinion polls) think that the more serious problem for the U.S. is not a shortage of labor but the social and financial issues immediately created by the arrival and settlement of immigrants. Many Americans (48 percent, according to the polls) say that the U.S. is taking in "too many immigrants." Furthermore, there is a degree of selfishness among immigrants themselves. Those who have settled and found jobs are not overly anxious to encourage more immigration or the influx of other immigrants into their ethnic communities, fearing growing competition and the prospect of having to share their new-found benefits.

But those are details. The main thing is that the broad ethnic fabric into which the population of the US is woven has historically so evolved as to preclude the development of conflict situations on the scale of the country as a whole. Here we approach the fundamental question which explains this phenomenon. In developing its structures throughout the country, American federalism rejected the organization of states according

to ethnic features. The reason for this rejection lay in objective logic: with such a complex, multi-ethnic palette it was simply impossible. The states formed the basis of the territorial political organization of the USA. The American federal system appeared. Its strength lies in the fact that it has repeatedly demonstrated an ability to adapt to changing conditions and avoid dead-end crises.

If I were asked where the diversity of the American ethnic fabric is most apparent I would point to the teeming millions of New York. Although it is a city of troubled nights, ethnic scores are not usually settled with long knives. The exception is, of course, racial outbursts, but on the whole dozens of ethnic groups live together and coexist in the tempestuous rhythm of this giant city.

The NEW YORK TIMES MAGAZINE recently published a color map of Greater New York illustrating the mosaic of ethnic groups living in it. Virtually all colors had to be used, so diverse it is. New York is, I repeat, a complex and dangerous city. There is a lot of crime. In Harlem, a white man can be robbed and killed. Nor can the life of an Irishman, an Italian or a Puerto Rican who finds himself at night alone in the streets of Manhattan be guaranteed. One black can kill another if he sees a wad of bills in the man's wallet. Drug lords use automatic rifles to protect their heroin turfs. Fear lurks in New York's Subway. But it is all the more indicative that in a city that seems to be primed for explosion entire ethnic streets, blocks and neighborhoods live peaceably side by side, integrated into a single mechanism, into a single system of productive labor, and are not separated by boundaries of blind, fanatic ethnic discord.

Southern Europe Seeks To Ensure Mediterranean Stability

90UF0460A Moscow IZVESTIYA in Russian 15 Aug 90
Morning Edition p 5

[Article by Yu. Kovalenko: "IZVESTIYA Correspondents On World Events: Four Southern European Countries Prepare An Initiative—A Helsinki Variant For The Mediterranean"]

[Text] Paris—According to press reports, four Southern European countries—France, Italy, Spain, and Portugal—intend to launch a new initiative designed to strengthen political stability in the Mediterranean region and to promote its economic development.

These countries are concerned by the strengthened positions of Islamic fundamentalism in Northern Africa and above all in Algeria, as well as by the worsening economic crisis there and growing poverty. They believe that all these factors could trigger a powerful social explosion and a new wave of immigration to European states.

Since the events in Eastern Europe, commentators emphasize that Western capitals have now carried out a fundamental review of their geostrategic priorities. The problems associated with North-South relations have now assumed center stage, pushing East-West relations into the background. Today, in the view of some political experts, a significant threat to Western security could emanate precisely from the countries located on the southern shore of the Mediterranean Sea. "When we talk about the security of this region," one expert on Mediterranean issues emphasized, "we incorporate a great deal in this notion, including immigration processes, food shortages, and so on."

And there is another factor that cannot be overlooked. In order to stave off a possible crisis, France, Italy, Spain, and Portugal are proposing that a Conference on Security and Cooperation in the Mediterranean (CSCM) be convened in order to examine all the region's problems. Such a conference would seek to accomplish the same tasks as the all-European conference—the Conference on Security and Cooperation in Europe. As a first step, they have already set up an informal forum of regional cooperation in the Mediterranean with the participation of Algeria, Tunisia, Morocco, Libya, and Mauritania—countries that are discussing the question of creating their own "common market."

It is proposed that other European countries, as well as the United States, would also take part in a CSCM. France, which of all the Western states has had the closest ties with Northern Africa since colonial times, would play a special role in the Mediterranean process. For France is where most emigrants from the Maghreb countries live. France also has the strongest racist sentiment, primarily anti-Arab, which is fanned by the extreme right-wing National Front. At the same time, the influx of immigrants to Italy and Spain has increased of

late. Specialists point out that a global approach must be taken to the Mediterranean, and the experience of the all-European process must be utilized in this. Therefore, the four countries are proposing by analogy that a CSCM operate in three areas: economic cooperation, security, and the human dimension. This would make it possible to work to solve the region's problems in an integrated fashion—including demography, unemployment, and migration.

It is proposed that a CSCM would eventually draw up a "Charter of General Principles"—modeled after the Final Document of the Helsinki Conference, that would include political rights and human rights and would set as an ultimate objective the task of achieving genuine democracy in these countries.

Assistance to the states of Northern Africa will also be provided by the European Economic Community, which intends to appropriate \$3.3 billion for this purpose. For its part, Italy has proposed the creation of a European Bank for the Mediterranean, analogous to the European Bank for Reconstruction and Development in Eastern Europe that was recently established at a meeting in Paris.

Commenting on the initiative taken by the "Four," the newspaper Figaro writes that the West must adhere to a simple principle: It is better to have as neighbors stable and prospering states than countries that are unable to solve their problems and where, as a result, the situation is potentially explosive.

Austrian Banker Discusses Foreign Business Prospects for USSR

90UF0417A Moscow RABOCHAYA TRIBUNA
in Russian 31 Jul 90 p 3

[Interview with Michael Franz, Austrian Lenderbank representative, by A. Burdanov and B. Mikhaylov at bank office on Kalyayevskiy Street; time and date not specified]

[Text] For the Western business world, the Soviet market remains an undeveloped land. Only truly bold and enterprising people who are deeply convinced of the prospects of work with Soviet partners and those who understand that without the Soviet Union the European economy will be incomplete are breaking through to us, not without difficulties and losses, it is true.

Among the pioneers of economic cooperation with the USSR is one of the largest banks in Austria, Lenderbank. In the spring of this year this bank opened a branch in Moscow which became the center of commercial activity in our country for well-known Austrian firms. The correspondents of RABOCHAYA TRIBUNA talked with Michael Franz, a representative of the bank, at the bank office on Kalyayevskiy Street.

[Correspondent] As was revealed to us during the meeting, Lenderbank sent to Moscow one of its most experienced specialists, a banker who is very interested in the work's success.

In telling about the main areas of work in the USSR, M. Franz emphasized that he hopes to take advantage of the new opportunities in the period of the important changes in our country and act as an intermediary between Austria and the Soviet Union. Financing and encouraging international trade has always been the strong side of Lenderbank, he said. In light of that, in-depth knowledge of traditions and local conditions are of decisive significance for its employees.

[Correspondent] As a specialist, what can you say about the organization of the banking business in the USSR? What do you like in the structure of economic life and what don't you like, and, in your opinion, what should be changed?

[Franz] First, I am impressed by your business people's desire for real business and the growing interest in fundamental economic perestroika at all levels. However, I should say that economic leaders and politicians are showing extremely opposite, and frequently mutually exclusive, approaches to resolving the problems arising in the country. To a certain degree that confuses business circles in the West.

Moreover, the lack of financial discipline of certain enterprises today is putting all producers in the USSR "under the gun." Complete confidence in the reliability of enterprises and organizations is lacking when contracts are signed with us. A banker simply must know whether they will fulfill the obligations assumed. Unfortunately, we do not have complete data on the export-import potential of Soviet partners. And certainly the most favorable development of business, as is customary in the West, is possible only when there are open data on the situation in the economy of the entire country and information on the solvency of firms and organizations.

The mess in local areas with production of goods for the domestic market and for abroad and the chaotic and at times completely unnecessary mass purchases of equipment abroad do not at all help to increase labor productivity or significantly expand exports. At the same time, hard currency debt is accumulating.

The steps being taken by the Soviet Government to stabilize the economy on the whole are correct, believes M. Franz. But the general legal conditions being set up for development of economic life and the work of enterprises must be stable rather than changing several times in a short period of time. And certainly the superdeformation of the price structure holds back progress toward the market. Arbitrarily set prices do not

reflect production costs and prevent efficient management of the enterprise and the economy as a whole.

If the Soviet economy wants to participate to the fullest extent in international division of labor, then, in the opinion of Austrian experts in financial and banking affairs, all enterprises must be given the right to go into foreign markets. But first the structure of operating commercial banks based on a stable money-currency system must be set up. A network of bank branches would help accumulate the monetary reserves necessary to finance various projects. It is also time for the Soviet Union to abandon its fear of importing foreign capital. By investing capital in plants and factories, the entrepreneurs of highly developed countries will bring the technical experience which is absolutely essential to rapid economic development.

"There is a great deal of discussion in the USSR now about the convertibility of the ruble and many plans are being proposed. I would like to say with confidence that the ruble can be solvent on the world market," M. Franz emphasized. "It is of course impossible to bring this about by directive and in a short period of time. Austria, for example, after the postwar devastation, reached convertibility of its currency only after 17 years.

In the late 1940s and early 1950s, Austria implemented truly draconian measures to strengthen the economy based on free enterprise. First of all, the distribution of hard currency was regulated, imports of goods were restricted, rigorous monetary reform was carried out, bank accounts were frozen, and the consumption of raw materials and fuel was reduced. At the same time, however, a consistent policy to protect the interests of the low-income strata of the population was followed.

Before becoming convertible on the foreign market, the ruble must become reliable as a payment medium within the country. In taking emergency measures to strengthen the ruble, M. Franz believes that it must be given real value, covered with the mass of commodities, and at the same time protected. Based on the experience of the banking system of Austria and other European countries with a market economy, the existence of a Central Bank is certainly one of the necessary conditions to protect normal monetary turnover in the country.

It takes 10-15 years for a young specialist to become a highly skilled finance expert. All banks of the world value their cadres and do not begrudge money for their training, are concerned about raising their qualifications, and regularly send them to banks with world-renowned names for on the job training.

In M. Franz's opinion, Soviet bank employees from the USSR Vneshekonombank and other financial institutions do have adequate professional training. They are certainly able to work successfully on the international financial market.

East Europe Experiences With Privatization Reported

Process Begins in Poland

90P50074A Moscow KRASNAYA ZVEZDA in Russian
23 Aug 90 First Edition p 3

[Article by Lt Col F. Martinkevich: "Privatization Has Started"]

[Text] The process of transferring large industrial enterprises to private hands has started in Poland. One of the first to be privatized will be the furniture plant in the city of Swarzedz, Poznan Voyevodstvo.

According to the law adopted by the Sejm on 13 July, all Polish citizens have equal rights to acquire shares. But workers, under privileged conditions, can buy at half price up to 20 percent of the stock of their enterprise for a sum, not exceeding their average wages for the past 12 months. Foreign firms have also been given the right to buy shares of Polish enterprises. Of course, the influx of hard currency will have a beneficial effect on the development of the economy. On the other hand, there is the danger of a "takeover" of Polish industry by Western businessmen. Taking these factors into account, the law states that foreign firms and citizens can acquire up to 10 percent of the shares of an enterprise without additional formalities. The controlling bloc of shares must belong to Polish citizens.

Along with the law on the privatization of state enterprises, a law has been adopted on the creation of a ministry which will resolve any problems arising in the process of transferring enterprises to private hands.

Czech Law Restores Private Ownership

90P50074B Moscow IZVESTIYA in Russian 28 Aug 90
Morning Edition p 5

[Article by L. Kornilov: "To Private Citizens—70,000 Facilities"]

Nearly 70,000 business, confiscated according to a 1959 law, will be returned without delay to their owners—Czechoslovak citizens. These include restaurants, rural inns, stores, rooming houses, various workshops, warehouses, mills, hotels, and so forth. The draft of the corresponding law, which the Federal Assembly will discuss next week, was prepared in 13 days by the Ministry for Affairs of National Property and Privatization of the Czech Republic.

This ministry is only three weeks old. A total of 20 people work in it. And it will exist for only three years. The minister, Tomas Jezek, says: "By that time we will have fulfilled our task and I will return to being a university professor."

The above mentioned draft law does not cover large state enterprises, agricultural estates, or the property of emigrants. Laws for these will be drawn up later.

Small real property—buildings, outbuildings, premises, plots of land, and the equipment connected with these will be returned by the government to the owners or their descendants without cost. Notarization will not even be required. On the basis of a written statement of the original owner, that organization which is the current owner must turn the business over to him. If the former owner has received compensation for his business during that time, he is to return it. He must also prove that this really was his property.

Minister T. Jezek stated that the proposed act has first of all a moral significance, and is directed toward preparing conditions for the subsequent privatization of national property.

In its commentary in connection with this the newspaper RUDE PRAVO notes that the measures stipulated will not lead to the reestablishment of complete justice, although it agrees that even from a purely technical standpoint this would be impossible in such a short time.

That may be so. But other things are clear. First of all, other acts are "at the door." Secondly, the desire to speed up the course of the transformation is evident. Is it possible that privatization will not help the opening of new areas of trade, and broaden the sphere of services? As the leader of Civic Forum, Petr Kucer, states in his speech in Vaclav Square on 21 August, "70,000 small enterprises and workshops will begin to act as a very noticeable private sector."

Split In GDR Coalition Analyzed

90UF0484A Moscow KOMSOMOLSKAYA PRAVDA
in Russian 21 Aug 90 p 3

[Article by S. Maslov, KOMSOMOLSKAYA PRAVDA correspondent in Berlin: "Coalition For An Hour; The Reasons for the Governmental Crisis in the GDR"]

[Text] There has never yet in the world been a government whose members have tried so hard to get to its political funeral as they have in the GDR. Even yesterday, the union of conservatives and social-democrats here might have been called a coalition for an hour, considering the short-term nature of the East German state's future existence. Yet the harness which the country's two leading political forces have pulled together has come apart half-way to German unity. The end of the coalition turned out to be even more imminent than was expected. On Sunday at the emergency meeting of the parliamentary fraction of the SDPG (GDR), a resolution was adopted about breaking with the CDU and its allies in the conservative block. The liberals had previously left the coalition. Thus, the government of L. de Maiziere lost support not only for a two-thirds majority vote of the parliament deputies (necessary for making particularly important principle decisions), but it also lost the support of the absolute majority.

The chairman of the East German Social-Democrat Party, Wolfgang Tirze, explained what had happened by

calling it the "unworthy party-tactical game by Helmut Kohl and Lothar de Maiziere, which led to the collapse of the government policy". The GDR prime minister countered the attack that very day, calling the decision of the social-democrats "a flight from responsibility".

In the dual of words, one might say, both sides are right. Yet we may also say that both sides are equally at fault for the catastrophic specific results of the short-lived joint venture. The Christian Democrats, acting under orders from Bonn, played the role of first fiddle in the government. The Social Democrats remained as if in the background. Yet both marched in step. I would even say they ran—that is how greatly they stepped up the pace of progress toward German unity. Yet, moving toward it in 7-mile long strides, they knew what they were headed for—at the risk of a most severe economic crisis, a reflection of which became the governmental crisis. So the flight from responsibility was a joint one. The fastest possible unification of Germany—that is the salvation. Finished!

This already appears paradoxical. Not one country in Eastern Europe has had such favorable chances to smoothly and painlessly slip into the market economy. On one hand, the GDR is the most well-developed country of the states within the disintegrating social system. On the other, the richest country in the European West—the FRG—is taking it in tow. Nevertheless, the GDR is smoothly and rapidly slipping into economic chaos. Like an exploding bomb, a resolute "yes" resounded from GDR Minister of Labor and Social Security Regina Hildebrandt when, during a visit to one of the Saxon enterprises, she was asked: Is it true that up to 3-4 million people may find themselves out of work in the country in the very near future? This, I will allow myself to note, affects half of the country's able-bodied population. That is, it is two and even four times greater than the number of unemployed which we might imagine according to the predictions resounding even a few months ago in the announcements by government members. Enterprises are coming to a halt. Many of them, in order to stay afloat, are forced to dismiss four out of every five workers. The atmosphere in the deserted shops, where idle equipment is covered with tarps, was aptly compared by one West German television commentator to the "atmosphere of a morgue". In the economic confusion, the fulfillment of orders for the Soviet Union, which for a number of enterprises is the only hope of survival, has been threatened. Peasant unrest has rolled through the country. The currency, economic and financial union between the GDR and FRG has proved smooth only on the paper of the signed state agreement. Today it is evident that in its haste it was a political, and not an economic decision. The gloomy predictions regarding its consequences for the citizens of the GDR, which were repeatedly presented by the candidate for the office of chancellor of the future unified Germany from the West German SPD Oscar Lafonten, are becoming a reality. He, like the current prime minister of the region of Saar, had specific

grounds for apprehension. As we know, the Saar region which after the war was under a French protectorate, was formally annexed to the FRG only in 1957. The process of total integration—economic, legal, and social—of this dwarf state as compared with the GDR (its population was slightly over a million persons) took almost 4 years. The FRG mark in Saar was introduced only in 1959—at the end, and not at the beginning of the transitional period. And with all this, obviously, the question of transferring Saar from the tracks of one social system to another path was never raised. It is difficult to say what GDR Prime Minister L. de Maiziere had in mind when in his first (after the elections) governmental announcement, noting the need for specific regulations for the transitional period, he emphasized: "Here we are referring to the model of the region of Saar"...

The future GDR government, as well as the continued existence of the state itself, are still cloudy. It is possible that the latter's days are numbered. Politicians on both sides of the already almost fictitious German-German border do not exclude the immediate annexation of the GDR to the FRG as a way out of the crisis which has arisen. Some are even insisting on it. At the same time, less and less importance is being ascribed to the signing of the developed agreement on unification which would legislatively secure in the future the protection of specific East German interests for the transitional period. We speak ever more often only about a special law, on the basis of which the GDR may be accepted into the make-up of the FRG—without an agreement. In this case, the fate of the GDR citizens will be wholly and entirely in the hands of the West German politicians.

All-German elections—and in this question, it seems, there is already some certainty—were held on 2 December. Thus, the SDPG (GDR) inflicted a blow at the most convenient moment upon its partner-rivals from the camp of the Christian Democrats. It would seem that there is abundant time for the GDR population to finally become convinced of the inconsistency of the March pre-electoral promises of the CDU (even in the summer, according to surveys, public opinion was conservative). The question is whether the Social Democrats will be able to oppose them in the upcoming elections.

East European Bank for Reconstruction, Development Founded

90UF0471A Moscow TRUD in Russian 14 Aug 90 p 3

[Article by V. Prokofyev, TRUD special correspondent, Paris, August: "A Bank for Eastern Europe; the Soviet Union Has Become Its Member. Why?"]

[Text] So, one of the pillars of the "common European home" can be considered erected. It is the European Bank for Reconstruction and Development for Eastern Europe (EBRR). The ceremonial signing of its "birth certificate" took place at the Elysee Palace and took an entire 12 minutes: parental rights have been granted to 42 countries in Europe, North and South America and Asia, and to

continental international organizations such as the European Community Commission and the European Investment Bank.

The idea of a European bank has long been in the air. The first to formulate its outlines and, subsequently, to promote it with his entire energy and consistently, was Jacques Attali, special advisor to the French president. In his book *"The Line of the Horizon,"* this 44-year old intellectual described the bank as an institution in which "all countries on the continent will unite as equal partners to finance major development projects" in Central and Eastern Europe and find ways of "converting from a centralized to a market economy."

The suggestion for such a bank was made by Francois Mitterrand, the French president, himself, toward the end of last autumn. It fell on fertile soil: radical changes were taking place at an increasing pace in the Eastern part of the "old continent;" in the West, at least as far as public opinion was concerned, the true and not merely voiced wish to expand cooperation increased. As a result, as the amazed experts unanimously agreed, the process of the creation of an international financial organization, which under normal circumstances would take years, took no more than a few months, months filled with intensive consultations, meetings and coordinations which took place in Paris and the other European capitals.

The bylaws of the new bank include 58 articles. Its capital is 10 billion ecu or \$12 billion. The EEC owns the controlling share of stock, 51 percent, followed by 10 percent by the United States, 6 percent by the USSR, 7.5 percent by the Central and Eastern European countries, 8.58 percent by Japan and 16.92 percent by others; 60 percent of the loans which will be granted by the bank will serve the needs of the private sector, and 40 percent of the state sector. I asked Jean-Francois Marie, an expert belonging to the "intellectual team" of the Elysee Palace, to interpret the specific meaning of these figures.

"Priority will be given to the creation of contemporary economic infrastructures," he answered. "This applies to the building of new and the updating of old transport arteries and the development of means of communications. However, most of the funds will be used to finance joint enterprises and privatization programs, as well as anything else which may contribute to a conversion to a market economy."

According to his views, with which it would be difficult to disagree, reforms in the Eastern European countries urgently need powerful financial support. I mentioned to him the conclusions I had read in the Paris TRIBUNE, which recently reported that a number of financial institutions in Western Europe and the United States have assumed a waiting position concerning changes occurring in the Eastern part of Europe.

"It is true that the situation today is of that nature," he agreed. "Many private banks in the West are in no hurry whatsoever to invest money in your economy. The

tremendous role which the EBRR will play will be that it will not only provide direct financing but also become a kind of catalyst, setting the example to many other potential investors. It is believed that every dollar granted by the Eurobank will 'encourage' another five dollars of 'parallel' capital investments."

The short time which it took to create the bank did not mean that everything went smoothly. "It takes two to tango," the American saying goes. What if the "dancers" are in the dozens, each one pursuing his own interests and aspirations? For example, initially the Americans were totally against any Soviet participation in the EBRR, considering that the USSR had not taken sufficiently "the road to a market economy." However, under the pressure of a number of Western European countries, France in particular, they were turned around. Indeed, how could one seriously speak of such a European financial institution without the USSR?

There were a great deal of arguments also on the question of the amount of loans which could be used by the USSR. The Americans expressed their concern that the Soviet Union would "absorb" the lion's share of the credits. According to the compromise which was reached, in the course of the next 3 years our country will use loans not to exceed its actual contribution. "Do not forget the quintuple coefficient...," J.-F. Marie reminded me in this connection.

Questions of selecting the location of the bank's headquarters and appointing its president proved to be difficult. There were quite a lot of applicants. In the final account, the choice was made: respectively, London and Jacques Attali.

Now the parliaments of the shareholding countries have the floor. They must decide by 31 March 1991, when the European Bank for the Reconstruction and Development of Eastern Europe will begin to function.

Decline in Lech Walesa's Popularity Viewed

90UF0327A Moscow IZVESTIYA in Russian 11 Jul 90
Morning Edition p 4

[Article by L. Toporkov: "The Problems of Lech Walesa"]

[Text] From the favorite of the Poles whom thus far they are accustomed to seeing as their protector, Lech Walesa has unfortunately begun to turn into the country's "No 1 problem," as one of the Warsaw newspapers remarked, judging from society's new attitude toward him, which has lost its former euphoria. The talented workers' leader aspired to the position of highest power and announced he was running for the president's chair. Features of his authoritarian nature and an inclination toward authoritarian and even dictatorial ways obviously had an influence. There is reason that Walesa has already emphasized more than once that he sees the prewar Polish

dictator J. Pilsudski as his model; this, of course, brought smiles even among his supporters and people who respect him.

But why is the question of Walensa as the "No 1 problem" in the country such a critical one? Can the former worker really not claim the role of first violin in Poland's state mechanism? Especially since he has not just formally but in fact achieved the position of leading authority among the people (the word "moral" is frequently added) and has become a popular figure even outside of Poland and a Nobel Prize winner. But the fact is that in conditions of the Poland which has changed because of Solidarity and its chairman, he cannot find a place for himself which suits his fame and talent as an organizer. People say he was fine during the time when he had to destroy the old and fight and take risks, but now that the time has come to build and realize his own vision of a new life in concrete forms, Walensa has gotten nervous and become jealous of his former aides and advisors who have become ministers, important management figures, and editors. His popularity rating dropped from 72 to 51 points this year.

The impression is given that having unleashed a "war of everyone against everyone," that is, a kind of "cultural revolution" directed against former comrades in arms who are now members of the government, he is not helping stabilize the country. Walensa's conflict with Premiere Mazowiecki, with the Civic Parliamentary Club, and with prominent figures of the Civic Committee under the Solidarity chairman, whom he forced to leave for independence and disobedience, is well known. At a recent meeting of the Civic Committee which L. Walensa set the tone for, he allowed himself to call everyone who showed his own initiative "on the carpet," so to speak, and crudely bawled them out, not sparing the pride of his former comrades.

All this apparently led such a well-known Polish writer as Andrzej Szczepiorski (a senator, by the way) to send a letter to Lech Walensa. I see no reason, the literary figure writes, to spare you if you do not spare either your coworkers and friends of many years or the vital interests of Poland, which are a hundred times more important. Szczepiorski accuses Walensa of losing moderation and restraint and changing from an honored leader of Polish democracy into a destabilizing factor in the state. The writer is altogether against electing Walensa president and believes that would do harm to Poland. Walensa has no constructive program, unless we count his assortment of populist slogans.

The writer A. Szczepiorski warns Lech Walensa against exaggerating his services in the struggle against totalitarianism, although the writer acknowledges his considerable contribution. In coming years, writes the author of the letter which caused a sensation, you should not march to Belvedere (the president's residence—L. T.). He advises Walensa to take up studying, acquire knowledge, and travel around the world more, not with fanfare but in order to study the experience of other countries

without a propaganda uproar. The government of T. Mazowiecki, the writer notes, is struggling against enormous difficulties. Economic reform may burn out if the old "specters" and myths awaken that all people have the same desires and every loudmouth and trouble-maker who is counting on the "program of acceleration" advanced by Walensa tries to realize the idea of a "war of everyone against everyone."

So, L. Walensa is taking a course toward "acceleration" and emergency presidential and parliamentary elections. The following strategic features are the basis of his new political scenario: the make-up of T. Mazowiecki's government will be reshaped to rid it of agreements which at least now make roundtable discussions necessary (this has already been partially achieved); people in the state and administrative structures will be changed radically; a new "free parliament" will adopt a new constitution envisioning the creation of a parliamentary-presidential system of government similar to the French.

This political line of the Solidarity leader was subjected to critical analysis by very prestigious intellectuals who recently joined the Krakow "Agreement on Behalf of Democracy." They protested the L. Walensa-T. Mazowiecki conflict and the destabilization of the situation in the country, where social tension is growing on an economic basis anyway, and supported democratic transformations on the basis of calm, evolutionary changes.

The head of government T. Mazowiecki, speaking at a meeting of representatives of the Civic Committee from throughout the country, expressed alarm over Poland's future development under democracy a few days ago. He states that the civic movement needs to support the government's course toward transformations in Poland. He said that they must realize clearly that today, in conditions of major difficulties when only part of the very difficult path has been covered, the following question arises: should we deviate from the path we have chosen, or should we follow it even further, even though it is very difficult? Is it really true that Poland only has a choice between totalitarianism and anarchy upon whose soil authoritarian governments rise, or must a choice be made in favor of building together the foundations of democracy? Under democracy, said T. Mazowiecki, the difficult art of mutual respect must be learned. He expressed regret regarding the one-sided attacks on the government and on him personally by L. Walensa and his circle.

At a meeting with journalists, A. Hall, a minister and a member of the Council of Ministers for Contacts with Social Organizations and Political Parties, spoke about the contradictions which have become stronger in the camp of former comrades in arms in Solidarity. The government of T. Mazowiecki, he noted, proceeded from the assumption that it is to work through 1990, which will bring a new constitution and completely democratic parliamentary elections. But the election campaign in practice began much earlier and is already underway,

and, unfortunately, in the Solidarity camp too. During this campaign, the minister said, serious accusations are being made against those who bear the weight of responsibility for managing the country's affairs—above all the government; and that makes the people somewhat disoriented. Slogans and motives of a personal nature are beginning to dominate political debate.

GAZETA WYBORCZA points out that the last speech by the head of government in the Sejm was sharply attacked by a number of deputies, where voices from the Agreement of Centrist Forces related to L. Walensa and his circle were heard. T. Mazowiecki announced very forcefully that his policies would continue. Critics of this course let people know that they would answer with a radicalization of actions. The conflict in Poland is entering a new phase, believes GAZETA WYBORCZA.

Split Between Solidarity, 'Civil Movement' Discussed

90UF0359A Moscow TRUD in Russian 22 Jul 90 p 3

[Article by Rudolf Puchkov under the rubric "Our Commentary": "Why Solidarity Split"]

[Text] Our newspaper has already reported that the formation of a new sociopolitical association, the Democratic Action Civil Movement (GD), was announced in Poland last week. This movement ripened secretly in the depths of Solidarity. And now it has burst out into the open. From now on two trends will operate in Solidarity.

But why did Solidarity split? In my opinion, it was overtaken by the fate of many organizations which during the struggle for power preserve their unity quite easily by promoting populist slogans and then, when the more intense times of realizing these slogans come, begin to experience difficulties. For the ones who broke away and created their own Civil Movement were not some novices who had recently joined Solidarity. No, the leaders of the GD are Z. Bujak and V. Frasnjuk, Solidarity veterans.

They are the ones who now think that the leader of Solidarity is not carrying out quite the right policy. And that is not surprising in the complex economic situation which has taken shape in Poland.

Data has just been published by the country's Main Statistical Administration which can be used to judge the first 6 months of results on fulfillment of the plan, prepared by the T. Mazowiecki cabinet, to change to a market economy. There are positive results: internal convertibility of the national currency has been achieved, the situation in the consumer goods market has been stabilized, and hyperinflation has been curbed. But there is also quite a lot that is negative: there has been a sharp drop in the level of production and construction—especially housing construction, consumption has declined by 32-35 percent, and unemployment is rising swiftly.

In this situation a number of Solidarity figures are no longer satisfied with a simple majority in parliament and the government. It seems to them that the crew "at the wheel" needs to be changed to improve the situation. They are not even averse to Lech Walesa himself occupying the president's chair. The Agreement of Centrist Forces which also exists within Solidarity supports him in this aspiration.

The Civil Movement, on the contrary, believes that the present government should be allowed to finish what it has begun. The GD declaration says that the process of change which has begun demands internal peace and good cooperation with other countries, especially with neighbors. It is asserted that the T. Mazowiecki government has accomplished a great deal.

However, said Z. Bujak, in this situation the Movement does not intend to be the social base for the government. It would like to propose its own method of holding debates with the government and shaping its policy. The GD leaders believe that the present make-up of parliament is not up to the new situation. In the coming elections the Movement intends to support candidates who guarantee to strengthen democratic institutions and continue the economic changes begun.

Which of the trends in Solidarity, the Civil Movement or the Agreement of Centrist Forces, will prove to be more powerful and representative? Only the election boxes, apparently, will provide a precise answer. But even now, by all indications, the struggle between them will be a hard-fought one.

Non-Observance of 'Rebirth' Holiday in Poland Criticized

90UF0359C Moscow RABOCHAYA TRIBUNA in Russian 22 Jul 90 p 3

[Article by Mikhail Botyan: "A Holiday Taken Down from the Pedestal: Celebrations in Honor of the Rebirth of Poland Canceled"]

[Text] There will be no holiday in Poland today. The country's day of rebirth celebrated every year on 22 July was coldly relegated to the category of historical misunderstandings at one of the spring meetings of the Polish Sejm.

Most of the deputies remained apathetic toward the appeals of the country's president, General Wojciech Jaruzelski, to treat this decision delicately. The holiday was abolished.

Every people is free to choose their holidays for themselves. In Poland a decision was made in the name of the people by the parliament they elected. But just who looked into the soul of this people? Who studied the attitude toward the holiday of a certain Kowalski who helped a Soviet soldier bring freedom to the Polish land? I know that zealous critics will start to question the word "freedom" and say that instead of freedom the Soviet

Army with its bayonets brought new domination in the form of the administrative-command system. Another painful claim can be made against us, and justifiably, involving Katyn. But still, still... If a surgeon does an operation and causes the patient pain, and not always professionally justified pain, but still saves the patient's life, can the surgeon be reproached so strongly? The Soviet soldier saved the life of the whole Polish nation whom the fuhrer condemned to complete extermination. This soldier is not responsible for the actions of Stalin and his circle who filled Soviet and Polish history with abundant blank spots which in time acquired a sinister black tone. Is the simple Russian Ivan who lies buried in the Polish land forever guilty here?

The dead are not in pain. The dead will never know the acts of the young Krakow vandals who defiled the statue of the soldier liberators. The dead did their work and saved the beautiful medieval city from destruction. As the treasures of the monastery on Jasna Gora, which is in the city of Czestochowa. Only the statue of gratitude to the Soviet soldier 45 years after the war was not saved when accounts with the past were settled. A similar statue was also dismantled in the small town of Roznadowo, which is in southern Poland. Even the bust of Colonel Skopenko, an honorary citizen of the city of Sandomierz, seemed superfluous and was moved to the cemetery where the hero's ashes are buried. Most likely, someone felt the "Soviet presence" in the bust. Despite what the local branch of the Polish-Soviet Friendship Society did as a sign of protest, nothing helped.

There is no compromise when settling accounts with the past. Even in relationship to the dead. What is there to say about a holiday intended for the living. Just think about it! Is it so simple—abolish it with one decree? Can the memory in the heart of that Warsaw woman whom I once saw in the cemetery for Soviet Army soldiers on the Day of the Dead be erased with one flourish of the legislative pen? An old woman silently walked among the fraternal graves. The flames of little icon-lamps burned at each one. She replaced the ones which had burned out with fresh icon-lamps from a large bag and lit them. She wanted to make the flame of memory eternal.

Those simple, kind people who have offered their warmth to the numerous relatives of the dead, who often come to Poland to bow to the graves of their loved ones, will hardly regret their behavior. I remember the Saratov teacher Galina Andreyevna Mushta crying, looking for the grave of her husband in Poland. She was crying out of a feeling of gratitude: "I didn't imagine there were such remarkable people."

I also remember talking with an old man in Chelm Province, near the Polish-Soviet border. The grandfather remembered all the details of the liberation of these places in July 1944. When the Soviet Army captured the countryside, we all rejoiced: "Our troops have come!"

If that old man is still alive, I do not think that he would immediately change the word "our" to "foreign" because of the changes in the Polish calendar of holidays.

The holiday has not been abolished for us. A holiday sprinkled with tears of gratitude of a neighboring Slavic people will never be forgotten.

Trial of Romanian CP Political Committee Members Reported

90UF0359B Moscow IZVESTIYA in Russian 22 Jul 90 Morning Edition p 4

[Article by V. Volodin: "The Former Leadership in the Defendants' Docket"]

[Text] On Saturday, 21 July, in the military territorial tribunal of Bucharest, the trial of the former members and candidates for membership of the Romanian CP Central Committee Political Ispolkom began.

In the docket as defendants are 24 people who not long ago represented the supreme party and state power of Romania, headed by the country's former prime minister, C. Dascalescu. As the communique of the General Procurator of Romania reports, all of them will be accused of genocide under a particular article of the criminal code. In addition, C. Dascalescu, M. Gere, D. Popescu, and G. Oprea will be accused of illegally keeping weapons and ammunition. If the accusations of genocide put forward by the court are proven, life prison sentences await all of these people, people who until recently made up the supreme party elite of Romania.

In any case, as the experience of previous judicial proceedings shows, the trial of the 24 cases will last a long time. Thus, several days ago in the Transylvanian city of Sibiu the interrupted trial of the former secretary of Sibiu County, Nicu Ceaucescu, resumed; he is also accused of genocide on 21-22 December 1989 when 89 people died and 218 people were wounded in Sibiu and in the neighboring city of Cisnadie.

Already, in the first stage of the trial, the members of the court have encountered the difficult task of proving, relying on the testimony of witnesses, whether the defendant accused by the security and police organs gave the order "to shoot without hesitation," as the Romanian newspapers wrote. Nicu Ceaucescu himself does not admit his guilt. The trial is also complicated by the fact that the organs of justice will run up against the wall of questions which make up the as yet unexplained mystery of the December revolution. Were there really terrorists, and who were they? One other mystery regarding the snipers dressed in black uniforms appeared during the trial Nicu Ceaucescu. Absolutely no one knows who they were and where they came from.

Some of the 24 defendants who will become defendants in the trial on Saturday also participated in the trial in Sibiu as witnesses. And the former minister of trade, 65-year-old Ana Muresan, broke into tears under oath

and refuted the testimony of a witness who said that on 22 December she had called Nicu Ceaucescu and invited him to come to Bucharest and take the reins of government in his hands. "I did not do that," said A. Muresan. "And, to the extent I know Nicu, I don't think he would want power." Then a statement slipped into her testimony which may force the General Procurator of Romania to think and take stern measures if what was said is proven. As A. Muresan remarked during the investigation, one of the procurators forced her to sign a confession "about calling to power" N. Ceaucescu.

This is not the only statement which makes one think. The testimony of one of the former chiefs of the state security service, Julian Vlad, was no less curious; he stated that he did not know about any special troop units sent to Sibiu, just as he did not know anything about the diversionary detachments in the army ranks taught to wage the urban battles in which more than 1,000 people died in December. Nor does the former chief know about the existence of special subdivisions who wore black uniforms.

So despite the interrogation of important witnesses, the trial of N. Ceaucescu which resumed a few days ago in Sibiu is marking time, and at the same time the mysteries of Romanian December remain undisclosed. It has not been ruled out that the trial of the 24 members and candidates for membership of the Romanian CP Central Committee Political Ispolkom, which began on Saturday, will help shed light on those mysteries. For they had their hands on the pulse of the country in December. That is where many of the decisions began. At the very least, they fulfilled the will of the dictator. But for now, as everyone knows, the trials which have already passed were unable to reveal the main secret of December, which involves the precise identification of the terrorists against whom the Romanian army fought for nine days. One would hope, of course, that the new trial which began on Saturday takes the first step. In any case, I have no doubt that it will be a complicated one.

Tent 'City of Truth' in Sofia's Central Square Described

90UF0430A Moscow KOMSOMOLSKAYA PRAVDA
in Russian 4 Aug 90 p 3

[Article by O. Mamedov, Sofia: "Bulgaria, 'City of Truth'"]

[Text] The multicolored canvas tents on the yellow stones of the central square in Sofia—this is the "city of truth." Like any other city it has at its disposal a hospital, a municipal council, a local radio station, a church and a political party center—everything in tents, of course. There is also a jail here, but a theoretical one it is true—posters have been affixed to the canvas, on which behind prison bars sits Todor Zhivkov. The former leader of the country ruled very close by—in the party house where the president's department is now located. Slogans remain on the walls of the building calling for the dismissal of Petr Mladenov. His enormous portrait with

the massive helmet that members of tank crews wear, with the bright five-pointed star—we remember his threat to call up tanks to disperse people. The threat, as we know, cost him the president's chair.

In the days after the dismissal of Mladenov, a sign appeared with the loud words: "Here live the students who toppled the president." The students, having achieved their political demands, soon left the square; their "sit-down strike" ended in complete victory. The very method of "pressure from the streets" seemed very convincing, and on this site the "city of truth," with new demands, arose.

We were assured that it appeared "spontaneously," growing from tent to tent until now there are about 120 tents. Representatives of about 180 various organizations, parties and movements live in the town. The enormous blue banner stating, "Communist-free zone" probably unites them.

The city fathers have proclaimed on several occasions that they adhere to "being above party lines." "We want the Grand National Assembly to work peacefully, but we want it to feel that the people are not sleeping," said one of the activists, I. Syrchadzhiev. "We are not making a revolution 'from the street,' this is simply an eye of people's surveillance."

What do the people in the square want? The declaration from the "city of truth" includes three points, two of which have already been fulfilled—the retirement of the president and the declaration of a specific schedule for the public hearing of Todor Zhivkov. The third point proposes that leading political factions in the Grand National Assembly be obliged to select a new president for the NRB who has no ties to the party and state nomenclature which led the country until 10 November 1989. The declaration contains other demands—to immediately begin examining the question of annulling the deputy mandates of those parliamentary representatives who were involved in the creation of the country's concentration camps and in sending Bulgarian troops into Czechoslovakia in 1968 and who are at fault for the economic decline. The declaration demands that all of the truth be published about the country's foreign debt and about the property of the Bulgarian Socialist Party.

People in the square are insisting on the opening of the archives of the MVD [Ministry of Internal Affairs] and on a rapid solution to ecological problems. They are expressing dissatisfaction about problems of a nationalistic nature, are protesting price increases, are insisting on the dismissal of the Bulgarian patriarch, are gathering signatures in support of the return of the monarchy, are indignant about the priorities of narrow party interests of political factions in parliament and are insisting on economic reforms as soon as possible...It is impossible to enumerate everything. But telephone lines extend to the capital, to the main "city of truth," from every corner of the country. A telephone has been installed here, on the square, in the press center under the open sky. I heard

recommendations from people calling from the provinces regarding how best to organize the theoretical "city of truth."

"Do they call often?" I ask the worker on duty at the press center, Yuliya Khristova.

"Yes, fairly often," she answers. "After all, we have already become a movement that is called 'In the Name of Truth.' In the first four hours after the meeting here on the square 28,000 persons signed up to defend the movement."

Yuliya is a music critic, but she is also a member of the initiating committee of the new movement. There are 65 people on the committee list; almost all of them are representatives of the intelligentsia. Among them are writers and philosophers, artists and musicians who are well-known in Bulgaria; there are teachers and students, doctors and programmers. The same list includes the name Doncho Papazov—a fearless ocean swimmer who has crossed the Atlantic and Pacific oceans on his boat and who has been written about on several occasions in KOMSOMOLKA.

We talked to Doncho for a long time. The conversation touched on anti-Sovietism. I told him how recently the offices of KOMSOMOLSKAYA PRAVDA received a call from some Soviet tourists who were appalled that here on the square near the former mausoleum of Georgiy Dimitrov people were dancing on a Soviet flag. Our symbols are compared by some people to the Fascist swastika. Traces of such an attitude can also be found in the "city of truth." Here is a banner that states "Reds—into the 'Red Book'." At this tent there is a bust of Lenin with the upper portion made in the form of an ash tray, and it is filled to overflowing with cigarette butts. "I will not even mention the historical ties between our peoples," said Doncho. "They are well-known. Those who try to break these ties are tolerating errors. Go to the Russian church in Sofia—there you will find the truth. As for anti-Soviet signs, today in Bulgaria nothing can be forbidden to anyone; everyone is expressing his point of view. But believe me, it is not these people who create the climate."

...The walk from the "communist-free zone" to the "extremist-free zone" took only 100 meters. On the same square on the opposite end the tents of the Socialist Youth Union have been set up. Created to counterbalance the "city of truth," the SYU explains its position in the following manner: "We are also against Stalinism, against any kind of nomenclature. But square politics leads to confrontation and the division of the people only serves the purposes of dictatorships, both former and future. The problems that have accumulated cannot be solved in tents. We oppose street dictatorship of the Grand National Assembly."

A great many people in Bulgaria feel this way. A movement under the slogan, "600 peaceful days for the Grand National Assembly" has been born. People are rejecting

the growing escalation of coercion and civil disobedience, "sit-down strikes" and ultimatums from the streets. The opinion is being expressed that 600 days is approximately the time period during which parliament will be able to develop a new Bulgarian constitution and to take effective measures to bring the country out of a crisis situation. However, since the first days of work the Grand National Assembly has been under powerful pressure via non-parliamentary acts.

Which ones? For example, after the routine parliamentary session the demonstrators, who circled the building, did not allow people's deputies to use their cars. A. Lukanov, chairman of the council of ministers, had to walk several hundred meters under the protection of the police through a jeering crowd.

It is not easy for parliament to work and make decisions under pressure from the street. This is why the first steps have been taken toward a dialogue between representatives of the "city of truth" and the basic political forces in the country. The dialogue began with a meeting of five people's deputies and representatives of various parties, movements and political organizations from the "city of truth." Speaking later in parliament, the participants in the meeting noted that positive results are possible.

Where is the real truth here—in the "city" or in parliament, which repudiates the pressure of this "city"?

On the very edge of the rebellious square is a solitary bent figure of an old person. In front of him is an empty hat and a sign, "Help me, I have not had a home for 48 years." It seems that each individual has his own truth.

Election of New Bulgarian President Viewed

90UF0429A Moscow IZVESTIYA in Russian 3 Aug 90
Morning Edition p 14

[Article by A. Kapralov, Izvestiya Sofia correspondent: "New Bulgarian President"]

[Text] Zhelyo Zhelev, the leader of the opposition Union of Democratic Forces, has been elected head of the Bulgarian state.

Could I have imagined, at the historic rally before the steps of Alexander Nevsky Cathedral on Nov. 18, 1989, that Zhelyo Zhelev, the short-statured man with the gentle smile and a spark of rural cunning in his eye who was leading the rally, would be President of the People's Republic of Bulgaria eight months later?

Everyone wondered how the Bulgarian Socialist Party faction would respond in the parliament to the Zhelev candidacy. And instead of putting forward a regular candidate of its own for the republic's highest post, it supported the opposition candidate.

Speaking on behalf of the BSP faction, Andrei Lukanov said that those were difficult choices, but choices dictated by a sense of responsibility to the nation, by the

need to achieve a national accord, and by an understanding of the fact that Bulgaria's interests are supreme. A. Lukanov noted that the Bulgarian Socialist Party affirms its definitive rejection of a monopoly on power and its adherence to the principles of a multiparty system and parliamentary democracy.

When the deputies headed to the polling rooms to cast their secret ballots, I was able to chat with certain representatives of the BSP faction, and it became clear that the decision that A. Lukanov announced by no means enjoyed the support of all Socialists. The results of the balloting showed that as well: Of the 389 votes cast, Zhelyo Zhelev won 284. But that was enough for a victory. The hall burst into applause, and a wall of photojournalists surrounded the new president, despite the chairman's persistent appeals to "clear the premises."

In the political declaration that Zhelyo Zhelev had made, while still a candidate, in response to deputies' questions, he had said: My program, like those of other candidates for the post of president of the republic, is aimed at a peaceful, nonviolent transition from totalitarianism to democracy, to a democratic society with guaranteed political pluralism, a multiparty system, freedom of the press, an economy based on the equality of all forms of property—private, cooperative and state—and a developed system of safeguards for the socially weak. Zhelev came out in favor of accelerated privatization, priority development of agriculture, and rapid solution of nationality questions. He said that one cannot achieve democratic ends by nondemocratic means.

To supplement these statements by Zhelev, I will cite several lines from the interview that he gave me on the eve of the balloting in the parliament. He said then that there is no democratic socialism if one means by that term a society based on the state form of ownership. Marx's socialist forecast, Zh. Zhelev said, is fundamentally flawed—it does not follow from historical materialism, and in fact contradicts it. Note that even the Communist Manifesto says that, by taking political power into its own hands, the proletariat expropriates the expropriators and turns the capitalists' property into state socialist property. But state and socialist property are entirely different things. The new means of production cannot be decreed; they must emerge of their own accord, out of the depths of the most developed forms of capitalist society, within the framework of the capitalist method of production.

It's not important, Zh. Zhelev went on to say, how you call the system that follows capitalism—it can even be called capitalist, but it must arise somewhere, and that will occur in the most developed capitalist countries, such as the U.S. and Japan. But not in Bulgaria or China. And that's the whole tragedy.

Today, said Zhelev, perestroika is a peaceful transition from totalitarian state capitalism to private capitalism.

Everything else is an illusion. In my opinion, the worst possible thing at the present stage would be new illusions: that up to now we have been unable to build socialism, but from now on, we will be able to do it. The attempt to realize that utopia in practice cost the lives of tens of millions of people. The party nomenklatura naturally has a stake in the existence of new illusions. If they were to disappear, the party leaders would have to resign, and the party would have to relinquish its authority.

All the journalists gathered in the parliament on the day of the presidential election were naturally concerned by the question of whether the opposition would participate in a coalition government, now that its leader had been elected president. I asked Zh. Zhelev about that.

"No," was his categorical response.

Zhelev's proposal that Atanas Semerdzhiev be elected vice-president was greeted with a storm of applause. As Minister of Internal Affairs since Nov. 10, this man has done everything possible to see that not a single drop of blood is spilled in Bulgaria. The law-enforcement agencies have performed their functions but have not resorted to violence, which could have been touched off by the social upheaval. A. Semerdzhiev recently resigned. The cause of his resignation was the July 17, thousands-strong demonstration outside the parliament—a demonstration that the deputies termed a violation of public order. The rowdy crowd was literally prepared to burst into the parliament and physically manhandle the deputies, who were deciding whether or not T. Zhivkov's anticipated speech should be broadcast live, direct from the People's Assembly. At that point, Semerdzhiev was prepared to blow his brains out to stop the madness, a fact that he announced from the speaker's platform, whereupon he borrowed a gun from a guard as he was leaving the assembly hall. This act was understood by the deputies, not as an act of cowardice but as one of high self-sacrifice, and that is why he was elected vice-president by an almost unanimous vote of all members of parliament.

Coming out of the parliament building in the company of advisors, Zh. Zhelev declined to get in the waiting presidential Mercedes, choosing instead to take the Zhiguli that he had driven as chairman of the Union of Democratic Forces' coordinating council. And thousands of people who had learned the news in a matter of minutes gathered around the parliament and greeted him with joyous cries of "Zhelyo! Zhelyo! CDF!"

Zhelyo Zhelev was born March 3, 1935, in the village of Veselinovo, not far from the town of Shumen. He is a graduate of Sofia University in philosophy. His dissertation topic was "The Philosophical Definition of Matter in Contemporary Natural Science." His critique of the Leninist theory of matter was the reason for his expulsion from the university and the Bulgarian Communist Party. He succeeded in defending his Candidate

of Philosophy dissertation in 1974, and his Doctoral dissertation ("A Relational Theory of Personality") in 1987.

Zhelev was arrested for political activity, removed from his job and banished from Sofia. He is married, the father of two children and is the author of a book entitled "Fascism" (1982), which was banned by the authorities under Zhivkov and removed from libraries. Zh. Zhelev is one of the founders of the Environmental Committee, which came to the defense of the cities of Puse and Kluba and supported glasnost and perestroika, which, as harbingers of glasnost in Bulgaria, began functioning back during the years of totalitarianism.

Since December 1989, Zh. Zhelev has been chairman of the Union of Democratic Forces' coordinating council, and in recent times has served as head of its parliamentary faction.

Hungarian Foreign Minister on Europe, Ties with USSR

90UF0433A Moscow IZVESTIYA in Russian 8 Aug 90
Morning Edition p 5

[Interview with Geza Yesenski, Hungarian minister of foreign affairs, by F. Lukyanov; time, place, and date not specified]

[Text] Many new faces have joined the new government of Hungary formed after the recent parliamentary elections. The minister of foreign affairs, 49-year-old Geza Yesenski, who until recently taught at Budapest Economic University, is among them. Diploma of teacher of history and English, high school teacher, scientific associate in the Sechen State Library, and finally the department of international relations in the university where last year he was elected dean of the new social sciences faculty—those are perhaps the main stages of his official biography.

G. Yesenski has been a participant in the movement Hungarian Democratic Forum (HDF) from the moment it was founded in 1987. Long before the elections he worked a great deal on foreign policy questions, and therefore his appointment to the post of minister of foreign affairs in the new HDR-headed government could not be called a big surprise.

[Lukyanov] Mr. Minister, today virtually all countries of East Europe are undergoing an era of fundamental change. Hungary is no exception in this regard.

[Yesenski] As a person who opposed the former regime, the present changes are naturally to my liking. My peers and I who were born in the early 1940s grew up under a system whose noble goals a person could easily agree with. But I think the situation is altogether different in regard to the means to realize these goals. Everything is simpler in theory, of course, than in practice. But in my opinion the society which Marx and Lenin intended has

not been created. And what did result operated inefficiently and unfairly, unfortunately. In Hungary the Hungarian people did not accept the system which M. Rakosi, Stalin's best pupil as he called himself, tried to introduce. The revolution of 1956 certainly demonstrated that.

Hungary was one of the first countries to begin to carry out reform, although with many limitations. I think that an age of really profound changes has come to take the place of the limited reforms. Of course, neither the present government nor any other can fail to promise that a much more harmonious and prosperous society than before will be created. But we now have the opportunity to try, and I think that free people can create much more than people limited in freedom. Now our task is to provide conditions for free creativity, and in doing so learn how to live in freedom when no one constantly gives a person instructions on how to behave in one situation or another.

[Lukyanov] How do you feel about the prospects for development of the all-European process and the formation of new structures of security and cooperation in Europe? What could you say in this connection regarding the considerations stated in the letter by E. A. Shevardnadze to the ministers of foreign affairs of countries participating in the Helsinki Conference?

[Yesenski] I must speak of my personal respect for Mr. Shevardnadze and all his activities. I received his letter in the first days of my job as minister. In my opinion, the letter from the Soviet minister was further confirmation that the USSR leadership is seriously seeking solutions to create a better Europe and a better world. Wonderful words about a better world have been pronounced at high levels before, as everyone knows. Just remember Khrushchev and Kennedy. But now a new era may very realistically begin where we develop a new system of treaties envisioning the security of every state and precluding balancing on the brink of the abyss and nuclear catastrophe. I also see readiness for this new stage in the development of interstate relations in E. A. Shevardnadze's letter, and, incidentally, in the recent message from the NATO countries to the Warsaw Pact states.

Of course, there are opinions that the conflicts will always be preserved, if not in one form then in another, and if there are none, then history ends. History, in my opinion, is certainly not ending. I hope mankind does not blow up the globe. Conflicts will still appear, of course—in economics and in politics, but I believe that there is no reason for the West and the East to see one another as enemies, and this "image of the enemy" must be eliminated from international relations. Perhaps the idea of "eternal peace" is a utopian idea and people will clash with one another eternally, but it is important that relations of states do not result in wars. I believe in the reality of such an idea. It seems that just now the dreams of the past century for the spread of freedom and prosperity and the dreams that enlightened rulers be in power in large and small states, which would create

unique opportunities for measures of trust and legal and other guarantees of harmonious coexistence, are coming true. The ideas presented in E. A. Shevardnadze's letter coincide completely with our ideas, and we also consider it necessary to create a so-called European Security Council during the conferences of the European states on security and cooperation.

[Lukyanov] In addition to the development of multilateral continental cooperation, new, very promising forms of regional cooperation are now being observed. The closest example is the so-called "five-way initiative," in which such in-many-respects varied countries as Italy, Austria, Hungary, Yugoslavia, and Czechoslovakia are participating.

[Yesenski] There are many such territories in Europe where economic as well as cultural and political ties could be intensively developed without harm to all the rest. In a number of cases these ties already existed before World War I to one degree or another, but then they stopped because of strict borders. Now these ties are being restored. That is also what is happening with the "five-way initiative." In our opinion, such cooperation could be developed in other regions as well; for example, one can imagine closer cooperation in the the Tisza-Carpathian Region between the eastern regions of Hungary, Czechoslovakia, Soviet Transcarpathia, Romanian Transylvania, and Yugoslav Vojvodina. Infrastructures and economic ties which were smooth-running at one time could be developed quickly and successfully here.

[Lukyanov] In late July Hungary's National Assembly adopted a resolution calling for the government to start negotiations for Hungary to withdraw from the Warsaw Pact. In connection with this, one hears the fear, and in the West too, that Hungary's unilateral action may have a negative effect on realizing the decisions to transform the Warsaw Pact Organization into a political organization and on making collective efforts to form new structures of the European security system. What do you think?

[Yesenski] It would take a considerable amount of time to analyze the entire history of the creation of the Warsaw Pact Organization. I only want to say that we did not join this organization willingly, an organization which for that reason failed to protect our country from foreign intervention, just as in Czechoslovakia, for example.

Today, in our opinion, the threat of war is less than ever before. We would not want to give the impression that Hungary is fleeing from the Warsaw Pact and leaving the Soviet Union and its allies to the winds of fate. Conditions must be created where the Warsaw Pact would become simply superfluous, where a new system of all-European security would come to take its place, and we hope that people in the Soviet Union and in the other Warsaw Pact countries would agree to that. At a conference of the Political Consultative Committee (of the

Warsaw Pact countries) Y. Antall, the premier of Hungary, announced that Hungary wanted to be an ally of all Europe, including the Soviet Union.

When everyone becomes convinced that no one is threatening anyone else and that there is no "threat from the East," not only the Warsaw Pact Organization but NATO as well will become superfluous. Both blocs will disappear in the new Europe which we want to create.

As for the new system of European security which will replace the bloc system, I think that here we are returning to the idea which spread in spirit back in the 1930s but under Hitler and Stalin was not realized. We would want to use all efforts to help create a system of collective security which would guarantee security to all its participants. A system of nonaggression treaties envisioning one-time and immediate sanctions against aggressors would be needed to do that. Perhaps that could be implemented in the form of an improved version of the League of Nations created after World War I. But today's system of the Security Council, and of the United Nations, is slightly unwieldy, and their activity is at times complicated by the veto power, for example, which prevents them from acting effectively on certain issues.

[Lukyanov] Until recently superlatives were customarily used in relation to Soviet-Hungarian cooperation, although even then there were a considerable number of complex problems. But today, in contrast, one hears more about the complexities in economics and in trade and about the problems related to the final withdrawal of Soviet troops from Hungary and the differences in the interpretation and evaluation of events of 1956.

[Yesenski] Historically, there have been no serious contradictions or conflicts in relations between the Hungarian and Russian peoples or the Hungarian and Ukrainian peoples, not to mention the rest of the peoples of the USSR. Therefore, I do not see any new obstacles to resolving today's problems in our relations. True, until recently relations between our countries might be compared to a forced marriage, to use a rather free expression. I must say that we did not ourselves choose this role, and we think that force is not suitable for a marriage and certainly not for interstate relations. In my opinion, the reasons for all the problems in our relations are to be found in the age of Stalinism and in the Stalinist modification of society which became established in Hungary. Stalinism brought considerable suffering to Hungary, but the Russian people and all the peoples of the USSR suffered more. Now, together, we are getting rid of this legacy, and time itself will reject everything negative that has clouded our relations so that we may proceed with all that is good and positive.

In the economic sphere, we were literally made for each other, I would say. Despite all the problems, Soviet-Hungarian trade was developed, and successfully. We want to continue to sell the Soviet Union everything that we now supply and buy what we now receive. However,

it will no longer be an exchange of goods but trade at real world prices. I think that in that case no doubts will arise over the benefit of deals and no feelings will be hurt. We are interested in continuing to sell the Soviet Union foodstuffs, industrial items, and, in particular, buses. Of course, some Hungarian industrial items are perhaps not as high-quality as West European ones, but the prices are lower. Reciprocal trade accounts in convertible currency and at world prices will help us resolve many problems, and we believe that we have great potential for cooperation in that area.

It seems to me that to a certain extent previous relations between Hungary and the Soviet Union could have been called declarative friendship. For the citizens of our countries rarely came into contact with one another. Unfortunately, I personally never managed to visit the USSR. But once I, an inveterate skier, was given the opportunity to ski in the foothills of the Caucasus. But imagine, in order to reach the Caucasus, it was absolutely necessary to travel to Moscow for five days, and pay quite a bit for it besides. I would have gladly gone to Moscow for five days, of course, only separately. I simply did not have the time to combine both. Our relations must be freed of such bureaucratic features which prevent the two peoples from mixing. Many Hungarian tourists would gladly go to the Soviet Union, if there weren't so many regulations that allow travel only by routes outlined by someone beforehand.

Unfortunately, there are also difficulties in trips by citizens of the two countries which arise because of the difference in the price system and the lack of hard currency. It seems to me that this is a temporary phenomenon, and we must expand possibilities for contacts in all possible ways. The idea of creating a joint economic zone, Chop-Zahony, that could help stimulate border trade and develop ties between Hungary and the Transcarpathian Region is very promising in our opinion.

But as for 1956, as everyone knows, recently the Hungarian parliament appealed to the USSR Supreme Soviet to declare the 1956 intervention illegal too, on the example of the Czechoslovak events of 1968. This problem, of course, still complicates our relations. For me the first reaction to this appeal was very reassuring. We certainly must overcome this barrier which was not erected by present generations.

We hope that the Soviet Union will accept Hungary as a sovereign, truly independent state, and we, in turn, are prepared to take into account all the lawful interests of the Soviet Union.

Yugoslav Trade Official on Economic Reform, Trade with USSR

90UF0427A Moscow *EKONOMIKA I ZHIZN*
in Russian No 31, Jul 90 Supplement p 1

[Article by Bozho Jovanovic, first deputy union secretary on foreign-economic relations and deputy

cochairman of the Joint Committee on Economic and Scientific-Technical Cooperation Between the USSR and Yugoslavia: "The USSR and Yugoslavia: Foreign Economic Relations—Problems and Perspectives"]

[Text] [Information on supplement] The publicity-information supplement to *EKONOMIKA I ZHIZN* was offered to the Yugoslav economic newspaper *PRIVREDNI PREGLED* (Belgrade) and prepared for print by the editorial office of *EKONOMIKA I ZHIZN* with the participation of the Vneshtorgreklama All-Union Association.

The publicity-information supplement to the Yugoslav economic newspaper *PRIVREDNI PREGLED* prepared by the editorial office of *EKONOMIKA I ZHIZN* with the participation of the Vneshtorgreklama All-Union Association will be published in Belgrade.

In the Transitional Stage

The development of economic relations between Yugoslavia and the USSR began in January 1955 with the conclusion of the Agreement on Cooperation and Payments envisioning mutual commodity exchange worth 10 million dollars from each side. It is remarkable that this agreement is in operation even now, 35 years later.

Our economic relations have practically always depended on the fluctuation in prices of energy media. As a result of the sharp increase in the price of oil in 1972 and 1973, conditions of trade for Yugoslavia deteriorated substantially. Yugoslavia ratified a course to buy a significant part of its energy media in the Soviet Union and pay for them by exporting goods and services. The same situation was repeated in the early 1980s, when we had to increase exports of goods by 1.2 billion dollars in order to import the same amount of oil and gas. In 1982 the Soviet Union accounted for 26.1 percent of Yugoslavia's foreign trade turnover.

A certain crisis in the planned growth of mutual exchange began in 1985, when the Soviet Union was unable to compensate for the falling price of oil with a corresponding increase in the volume of deliveries of export goods and the volume of commodity turnover between our countries began to decline. Thus, in 1987 alone, Yugoslavia reduced its exports to the USSR by 780 million dollars.

Trade volume continued to decline even last year. 1990 seems to give no reason for optimism. However, we must not forget that we have entered a stage which precedes the transition to accounts in convertible currency and which cannot fail to be difficult both for Yugoslavia and for the USSR. The problem is that neither Yugoslav nor Soviet enterprises have incentive to export the list of goods which the ministries have planned.

We have liberalized exports to such a degree that our managers buy goods where the most favorable commercial conditions are offered. On the other hand, Soviet enterprises have also obtained the right to dispose of

some of the convertible currency received from exports, and they too have no incentive for clearing exchange with us.

Basic Areas of Economic Reform

Reform in Yugoslavia, which envisions the economic system changing to a market economy, is gathering strength. Essentially that means establishing a market for goods, which up to now has existed in distorted form, and then a capital market and a labor market.

A market for goods is essentially already operating. Suffice it to note that prices for 85 percent of all goods and services are being formed freely in it. I am certain that by the end of the year prices for more than 90 percent of all goods will be formed freely. The system of free formation of prices will encompass electricity, petroleum and petroleum products, and railroad and postal services.

The creation of the labor market and the capital market has only just begun. At this moment a system of collective contracts, which are becoming the instrument for regulating the labor market, is being developed. As for the capital market, banks in the form of joint-stock companies are already in operation, currency auctions are being held, market formation of interest rates is being implemented, and the stock market is also beginning to operate.

If we are speaking of reform of foreign-economic relations, then that means above all a degree of liberalization of transactions which even 2 years ago would have seemed unthinkable. In 1987 only 12 percent of the volume of commodity turnover was encompassed by the free imports system, but now the figure is 89 percent.

Within the framework of general reform, legal conditions for setting up private and mixed enterprises have been created, in the area of foreign trade too. By late 1989 1,100 enterprises involved in foreign-economic activity had been registered. Now there are already more than 8,800 of them, and most of them are private.

Foreigners may invest capital in the state sector and set up mixed enterprises or open their own enterprises. Last year 390 mixed enterprises and 96 private foreign enterprises were organized and capital investments totaling 8.5 billion dollars were made.

Meeting Ground

The independence of enterprises is the meeting ground of economic reforms in the USSR and Yugoslavia. Enterprises can conclude contracts themselves, without the mediation of the state or its organs. In this regard, by increasing the independence of its enterprises even the Soviet Union is opening up to the world.

Speaking of the prospects of bilateral economic cooperation, I should first say that the Soviet Union is Yugoslavia's largest foreign trade partner. Our economies are mutually complementary. All this creates good prospects

for mutually beneficial cooperation. Our main goal is to preserve and refine what has been achieved. We deliberately went to such a high positive foreign trade balance with the USSR, totaled at 2.3 billion dollars, since we had not cut back exports to the USSR.

There is no doubt that the transition to accounts in convertible currency will give a new quality to our relations, even though in the initial phase it will also cause a decline in the volume of mutual trade. But we should not forget that there are ways to neutralize this process to a significant degree. Above all they include barter transactions, a form in which Yugoslav and Soviet enterprises have acquired rich experience.

Yes, this year and the next do not foreshadow easy victories. There can be no progress toward a market economy without some pain both for the USSR and for Yugoslavia. But I am very optimistic. There are good prospects for Soviet-Yugoslav foreign-economic relations.

Cutback in USSR Oil Deliveries Hurts CSFR Consumers, Industries

90UF0471B Moscow TRUD in Russian 16 Aug 90 p 3

[Article by N. Shevtsov, TRUD special correspondent, Prague, 15 August: "When the 'Honeymoon' Is Over; the Czechoslovak Trade Unions Are Threatening to Strike"]

[Text] Friday evening. Usually, at this time long lines of cars line up at the gas stations, as the people of Prague are hastening to go to their summer homes. Today there are very few cars. "In the past there was more work than we could handle," I was told by an acquaintance, a gas station attendant. "Now we spend most of our time waiting for customers, particularly Saturdays and Sundays, when governmental transport is infrequent. Although the price of gasoline has gone up, our income has not as yet increased, but rather the opposite...."

The same sad mood afflicts now thousands of Czechoslovak drivers. In the past as well gasoline was expensive. Now it has become so expensive that although many people may have cars, they nonetheless prefer to go out of town by train or bus. Judge for yourselves: at the start of June gasoline cost 8-9 korunas per liter; today it is 12-13 (i.e., more than 150 rubles). Furthermore starting with 1 August, the price of lubricating oil was raised by 50 percent.

The Czechoslovak press lists as the reasons which have led to the increased cost of fuel the increased flow of foreign tourists with automobiles, technical breakdowns in petroleum refining enterprises and reduced petroleum deliveries from the Soviet Union. The opinion is voiced that delays in exports of Soviet petroleum are almost a discriminatory measure applied against Czechoslovakia.

In a talk with the TRUD correspondent, I.F. Panteleyev, the trade representative of the USSR to Czechoslovakia stated that the main reason for the reduced deliveries of

Soviet petroleum is difficulties related to the extraction and distribution of this raw material in the Soviet Union. Procurement shortfalls, he went on to say, are greatly concerning the Soviet side as well, which is doing everything possible maximally to fulfill its obligations. The trade representative emphasized that petroleum shipments had been reduced not only to Czechoslovakia but also to other countries, including those which pay in freely convertible currency. Therefore, there is no question of any kind of "discrimination" against the CSFR.

Under those circumstances, the trade unions have taken up the defense of the consumers. The decision of the government to raise the prices of gasoline and other petroleum products was described as hasty and the new prices were deemed excessively high at a meeting of the presidium of the Czechoslovak Chemical Industry Workers Trade Union. Taking into consideration that the USSR will remain the largest petroleum exporter to Czechoslovakia, the trade union proclaimed its intention to establish contacts with our trade representatives in Czechoslovakia. Its own representatives would like to visit our country and, jointly with their Soviet colleagues from the Central Committee of the Petroleum Industry Workers Trade Union, study the situation on the spot. Furthermore, the demand was raised for the Czechoslovak government to grant the trade union the possibility of participating in the talks with the Soviet partners on the subject of petroleum deliveries.

Furthermore, the government was asked to review domestic gasoline prices. Should it refuse to do so, the chemical industry workers intend to turn to all other sectorial trade unions with a call for a warning strike.

Nor are the trade unions pleased with the increased prices of various food items. Today many people are forced to do without prime necessities, while stores and warehouses are literally bursting with meat products.

According to V. Zizki, chairman of the Chemical Industry Workers Trade Union, the trade unions have not discussed with the necessary thoroughness with the government the setting of new food prices and establishing corresponding financial compensations which proved to be excessively low. In this connection, on behalf of his colleagues he demanded the resignation of the presidium of the Czechoslovak Federation of Trade Unions, which was unable to oppose the government's price decision.

In short, the "honeymoon" of relations between the trade unions and the government is coming to an end. It is not excluded that quite soon, in connection with a forthcoming increase in the prices of a variety of consumer goods and transportation services, relations between them could become drastically aggravated.

Slovak CP Official on Political Tasks Facing Party

90UF0447A Moscow PRAVDA in Russian 10 Aug 90
Second Edition p 5

[Article by Peter Vais, chairman of the Slovak CP Central Committee Ispolkom, scientific associate and CPC member since 1977: "To Consider Reality, No Matter How Bitter It May Be"]

[Text] Today in our political spectrum there is no party whose past and present is under such close public scrutiny as the communist party. At the same time, our society, as well as international society, is not always given a true picture of what the post-November generation of Czechoslovak communists represents and what it strives for.

Despite the defeat which the CPC suffered at the end of last year, a defeat in whose causes we are not only interested, but about which we must tell the full truth, we do not doubt for a minute our historical responsibility to resurrect the party, to create it as a new and current left-wing political force. Such a force that would reject its own, as well as any other monopoly to power and would strive to become a real political factor in the Czechoslovak democratic pluralist system.

The primary task facing us after the elections and before the upcoming 18th Congress consists of transforming the party, which was the political guarantor and the ideological inspiration of the historically unsuccessful effort to create a socialist social system, into such a political force which could not only be included in the constructive and effective solution of the social problems which have accumulated, but would also be capable of giving new content to the concept of socialism.

The essence of the problems facing the CPC must be discussed in a broader historical and international aspect. They are not only problems of the moral and intellectual collapse of the former leadership of our party and our state. Nor are they simply a string of errors in political decisions, as some have tried to represent in an oversimplified manner. These problems are identical with those which were encountered, specifically speaking, by all the communist and workers' parties in Eastern Europe which realized in practical application their constitutionally guaranteed leading role in society.

Even the casual observer must realize that in all such parties, including the Czech and Slovak Communist Party, there have been and are currently ongoing principle and stormy changes taking place. Some have lost a significant portion of their members and now are critically re-evaluating their own past and the history of the entire movement. They are stopping also to think about who, specifically, needs them in the new society which is being born, and where they must seek their social base and selective potential. In some parties things have gone so far as a schism and a name change. Others are irreversibly heading toward this end. They are seeking

allies in the domestic political spectrum and in the broad framework of political forces of a Europe which is undergoing unification.

These processes are accompanied by acute intellectual and moral human dramas. We must really see that the entire system of values is crumbling. The party intellectuals, as well as the rank-and-file communist party members, are being faced with irreversibly difficult questions of responsibility, the meaning of life, and the system of ideology as conditions for continued existence.

All this is taking place in an atmosphere of growing anti-communism and endless praise of bourgeois values.

Large masses of people have been gripped with the feeling of insecurity about their future, stemming from their former political affiliation. At the same time, there is an on-going search for political personalities capable of handling the problems of transition of the former parties to current political formations which could act under conditions of a pluralist democracy. There is an apparent shortage of politicians capable of assuming responsibility for the fate of the left-wing movement. However, these processes are accompanied by many shattered human lives, unrealized hopes, unfilled life aspirations, and unrealized dreams.

In short, what we are experiencing and what we are trying to deal with is not only our Slovak or Czechoslovak political drama. It is a departure from the political scene of a type of party which had based its actions not on actual power won in free elections, but on the constitutional guarantee of a leading role in the political system, on the mass nature of its ranks as a means of the broadest public influence, on a force which limited democracy and freedom of the individual—the necessary prerequisite for free development.

This is an admission of the fact that the administrative-command system has not been able to deal with the numerous problems which current civilization placed before it. The monopoly on power by such a party did not make it possible in full measure to take into consideration the all-people's humanistic, democratic and moral values.

Only today do we realize in full measure how great our chances were for implementing the socialist ideal, chances which were lost as a result of the forced suppression of the reformist movement led by the CPC in 1968. Only on the basis of the character of current transformations in Eastern Europe can we understand the true price which its entire left-wing movement had to pay for Brezhnev's intolerance, for the neo-Stalinist doctrines which in fact masked the narrow social interests of the elitist group holding power in the countries of so-called real socialism.

Only our bitter experience since 17 November 1989 has clearly shown what the rank-and-file members of the CPC have had to endure as a result of the unwillingness

of the former party leadership to embark on the inevitable progressive changes in society, for which the basic foreign political prerequisites were created after April of 1985.

The situation in which the party finds itself may be characterized as a crisis of trust. We are not forgetting that at the extraordinary session of the CPC Congress its delegates were forced to apologize to their fellow citizens for their former erroneous policy. And even despite the fact that the results of the elections—over 13 percent of the votes—confirmed the real domestic changes and constitutionality of the CPC, which had become the second political force in the Federal Assembly and the only left-wing party represented in the federal and national parliaments, our primary task up to the present has been to change the image, i.e., the appearance of the party in society.

This means that within the 2 years which separate us from the next elections, we must convince at least part of those almost 87 percent of the voters who gave their votes to other political forces that our party has principally changed and not only wants, but is capable of creating a new policy and effectively expressing, bringing to life and defending the interests of the people living exclusively through the labor of their own hands or minds.

We have only two possibilities. Either to quickly and successively transform both ideologically and organizationally (and, in all probability, by means of a change in name and symbolics) into a current European left-wing party with its own original face, with an attractive and real national program, with strong political personalities—as we have firmly resolved at our extraordinary Congress, or, if we cannot successively rid ourselves of all the neo-Stalinist ballast, to gradually turn into a sect, which will lose real influence in society.

The latter is, naturally, unacceptable for us. Therefore, we cannot allow ourselves to become subject to the attitudes of proud stubbornness in regard to political and social reality or to nostalgia for the times of past glory. We cannot allow ourselves to withdraw into ourselves, into our wounds and ills, or to concentrate on an exchange of justified and unjustified blows inflicted according to the principle of "an eye for an eye, a tooth for a tooth". All this would mean to miss our chances for positive influence on the future fate of the peoples and nationalities living in our country.

The main thing for us today is to consider reality, no matter how bitter it may be. This does not mean that we should not have our own ideals and notions about the future. However, we will rid ourselves of the old ideological stereotypes. We do not need unification of views. We cannot allow ourselves to build a new ideological monopoly which in essence never was a real monopoly at all.

Life has taught us many lessons. One of the most serious is the fact that the sectarian moral inevitably leads to a

rebirth of characters, to a disregard for people's fates, which is specifically the absolutization of the class content in detriment to the all-human, an artificial kindling of hatred where mutual understanding is most needed, and an intolerance toward other views not only outside the party but, as we well know, also within it. All these are the main sources of the spiritual crisis in which we find ourselves today.

Today there are few who try to delve into the reasons for the above-mentioned historical defeat, thinking in categories of individual morals or political mediocrity. It is quite evident that [these reasons] stem from certain ideological dogmas into which the CPC as the ruling party tried to forcibly squeeze reality, beginning with the basic theoretical prerequisites and ending with the organization of society, dogmas which the party leaders used as their guidelines in making political decisions. Moreover, they stem from a lack of respect for the historical traditions of our peoples.

We are beginning to understand that the historical roots of our current problems go back to the times of the schism in the international workers' movement in 1914. The following suppositions are expressed: Are not the reasons for our problems deeper, do they not touch upon the very essence of social ideals, their "Marxist-Leninist interpretation", as we have become accustomed to saying? This is a complex question. One thing, however, is certain. Public practice has still not confirmed the existence of such social ideals as fairness, equal rights, and freedom, if they were not based on the ideas of pluralism of opinions and political views and respect for a person's individual peculiarities.

On the other hand, however, we cannot responsibly affirm the fact that the ideals of a society of social justice have been implemented in pluralistic societies based on private ownership of means of production, a market economy, and free enterprise. This still remains a question open for discussion, in which an ever more realistic position is held by those about whom we quite recently spoke as being enemies of the worker's movement. Here we are speaking primarily about the social-democratic parties and about the Socintern.

There are many problems being discussed, and in connection with the preparations for the 18th Congress they will be discussed even more intensively.

The crisis of trust in the party cannot be overcome without a principle renovation of the disrupted ideological unity, a clarification of the questions of a social base, its place in the newly emerging political spectrum, its symbolics and name. In other words, the key task of our party on the way to transformation into a current left-wing party, aside from moral purification, is ideological rearmament.

We are speaking about defining the relations to the European "left-wingers" as to an integral whole and to the theoretical prerequisites and values of the communist movement in particular. Moreover, we are speaking of defining our attitude toward the historical results of the social-democratic movement, of evaluating the historical experience with a transfer of Leninism to our conditions, and of understanding democracy.

All this leads to a natural differentiation within the party. It is specifically the fact that we find ourselves in such a complex situation that requires us to maximally apply the freedom of platforms legalized by the new Charter and to allow delegates to come to the Congress with alternative solutions.

The thing that must unite all of us into parties is the fate of the left-wing movement in the Czech and Slovak Federative Republic. The situation demands activation of the dialogue between all the left-wing forces. Therefore, even before the elections we have called for the cooperation of the left-wing parties.

It is a pity that we have encountered not only the barriers of primitive anti-communism, but also party limitation of our potential partners, who also experienced failure in the elections. We do not want to extract political capital by using our position as the only left-wing force represented in the legislative organs of Czechoslovakia. On the contrary, we want to maximally facilitate the creation of a strong unification of left-wing forces, including also by means of accelerating our own changes, a unification which could make a notable showing on the Czech and Slovak political scene in the next elections. And at the same time include itself in the solution of those problems which face the entire European left-wing movement.

Soviet-Brazilian Economic Ties Examined

90UF0361A Moscow IZVESTIYA in Russian 22 July
90 Morning Edition p 5

[Article by M. Kozhukhov, Izvestiya's Rio de Janeiro correspondent: "Trading Vodka for Sisal—Several Interviews on Soviet-Brazilian Economic Cooperation"]

[Text] It so happens that the economic potentials of the USSR and Brazil hardly interact at all, and the vectors of their commercial interests scarcely cross on international markets. Our trade with Latin America's largest country is laughably small, and the structure of that trade is absolutely perplexing. The things we buy from Brazil are nonmetallic minerals, ferrous alloys, certain types of chemical products, sisal hemp (a plant used in the manufacture of hawsers), soybean oil, and rarely seen Brazilian medicines and coffee. We sell them machinery and equipment in small quantities, crude oil, and fertilizers. We also sell them vodka and, according to a reference work on USSR foreign-trade ties, spare parts for bicycles.

And we do that at a time when Brazil is successfully selling other countries goods from the machine-building, electronics, light and food industries—things that we are particularly in need of. What keeps us from buying them too? Why don't we wear Brazilian shoes the way the Americans do, and treat ourselves to Brazil's tropical fruits the way the British do? Why don't we solve our problems with Brazilian-made IBM computers? Here are the opinions of well informed people.

I. A. Bunyegina, senior research associate at the USSR Ministry of Foreign-Economic Ties' All-Union Market-Research Institute:

"Our trade with Brazil is developing horribly. We buy more than we sell, and the basic commercial achievements often consist of one-time swaps of freighter services for consumer goods. One reason is that we don't have all that many goods to offer the Brazilians. What's more, that country's domestic market is a very difficult one."

V. V. Voinov, department head at the USSR's trade mission in Rio de Janeiro:

"It has become a cliché of sorts to view Soviet-Brazilian trade as an example of untapped potential. But that's a slogan, while trade—as distinct from good intentions—is a sphere of concrete interests. A major problem is our mutual ignorance of each other's markets. In effect, we're just beginning to take a closer look at one another. And in so doing, both sides see the potential partner more as a buyer than a seller. Meanwhile, certain features peculiar to Brazilian legislation require a seller to make additional capital investments, and that is not always profitable for Soviet foreign-trade associations. Brazil has high import duties and a strong protectionist mechanism that safeguards the interests of national industry. What about joint enterprises? The thing is that they require a high degree of trust on both sides—

something that neither our stores' empty shelves and warehouses nor Brazil's immense foreign debt tends to promote."

Naturally, there are many ways to justify the fact that we have still not taken a serious look at one another. Geography, for example: For us, South America is the other side of the world. Or politics: Three decades of military regimes in Brazil and half a century of administrative-command socialism in our country have not promoted the development of such contacts. Finally, there is the unfortunate sluggishness of Soviet commercial agents, which has become a kind of hallmark of our foreign trade.

And nonetheless, certain Brazilian firms have managed to find a place under the none-too-gentle sun of our bilateral trade. Thus, the joint enterprise Staremo expects to make a profit from sales of jeans in the USSR—jeans sewn in Tiraspol from Brazilian cloth on Brazilian patterns. And the first Latin American bank to dare open an office in our country was, once again, Brazil's Banespa Bank. What's more, the USSR remains the largest buyer of Brazilian instant coffee. Last year alone, the Cafite company (known in our country from the coffee-can labels) sent 19,000 tons of its output to our shores—a fact that simple Brazilians immediately linked to our much-bruited antialcohol campaign. These Russians now prefer our instant coffee to their vodka, it was said. And, generally speaking, there were at least some grounds for that conclusion. In exchange for its coffee, Cafite obtained the right to sell Stolichnaya vodka not only in its own country but throughout Latin America. Concentrated vodka is shipped here in giant containers and, diluted to proper strength with distilled water, is bottled in Brazilian bottles on a one-for-one basis. The Gazeta Mercantil assures us that the quality of the water and the end product have been approved by Soviet experts.

Of course, jeans, coffee and vodka are not the whole story. They are just some obvious examples that attract universal interest. There are other, more solid contracts, as well. Several days ago, for example, the newspapers reported that Governor Cardoza of Minas Gerais had signed an agreement in the USSR on the purchase of equipment for a hydroelectric station. The deal has a total value of \$120 million. Be that as it may, however, Iraq and Paraguay occupy higher places than we do on the list of countries that purchase Brazilian products, and Norway, for example, sells more to Brazil than the USSR does.

"For now, our economic motors are running at the same speed," says Eliezer Batista (a specialist in ore extraction and nonferrous metallurgy), member of the governing board of the Companhia Vale do Rio Dose, one of Brazil's largest state corporations. "Elimination of the bureaucracy—that's what your country needs. Ours too, incidentally. When two bureaucrats, one Soviet and one Brazilian, meet at the negotiating table, the result is

deplorable. Perhaps our private firms and your cooperatives will do better at business dealings?

"I believe that the creation of joint enterprises in the high-tech area is the optimal path for the development of today's cooperation. The USSR does not utilize all the achievements of its science. And we can be of use in that regard—to our mutual advantage, of course. Brazil has good technological facilities that enable it to put the most complex R&D results to use, both rapidly and effectively. As for Vale do Rio Dose, we are very interested in Soviet gold-and bauxite-mining technologies, for example."

Everyone I have spoken to on the topic of trade and economic cooperation between the USSR and Brazil has said the same thing: New, nontraditional forms of business are needed. Joint enterprises, projects whose investment costs are recouped from shared output, and finally, barter trade. For the present state of affairs is satisfactory neither to Moscow nor to Brazilia.

There could hardly be a better moment for that than the present one. New foreign-trade rules take effect here in July. The limits have been removed from the importation of many types of output—rules that have definitely constrained Brazilian entrepreneurs. In addition, the difficult situation in the domestic market that has resulted from the Collor government's anti-inflation measures is forcing industrialists to turn their attention to the external market. Not just the giant companies like Vale do Rio Dose, but thousands of other firms as well, are intent on exporting their goods.

Our potential competitors have been quick to respond to these shifts in the commercial barometer's needle.

It would be wrong, of course, to expect our business people to show comparable efficiency and clinch the same celebrated deals across the seven seas. After all, we have yet to create a full-fledged market at home. But that is a closed circle: Both things need to be accomplished simultaneously, because the perestroika train won't get far running exclusively on its own fuel. It needs help in other ways besides exchanges of sisal hemp for bicycle spare parts.

Journalist Probes Stability Prospects for Chilean Democracy

90UF0445A Moscow ZA RUBEZHOM in Russian
No 30, 20-26 Jul 90 pp 12-13

[Article by Leonard Anatolyevich Kosichev, journalist specializing in international affairs, chief editor for radio broadcasting to the Latin American countries of USSR Gosteleradio: "Has the Past Been Put to Rest?"]

[Excerpts] At the sight of the La Moneda Palace my heart started to pound as memories came rushing back. Had the long-awaited day come? The last time I saw the palace of Chile's presidents was sixteen and a half years ago—several days after the military overthrow that

shook the world with its cruelty. At that time it stood, singed by the firestorm with blackened walls and dark holes for windows, like the silent personification of the tragedy which had come crashing down on the country. There, with an automatic in his hands, repelling the attacks of the rebels, "Comrade President" Salvador Allende took his last battle.

Under the Arches of La Moneda

At the main entrance to La Moneda I am met by a tall, smart-looking officer of the palace guard in a uniform resembling that of the Italian carabinieri. He is unusually polite. He is interested only in my last name and does not even ask to see my documents.

"The general secretary of the government, Minister Enrique Correa awaits you," he says.

I am cordially welcomed by a thick-set but very agile person with a short dark beard on a lively, expressive face. He immediately puts himself at my disposal. Enrique Correa is an experienced and well-known politician in the country. In the government of Christian Democrat Patricio Aylwin he represents the United Socialist party. After the overthrow he shared with many other Chileans the harsh lot of the exile. "Senor minister," I begin. "What would you say about the spirit which now rules in this palace?"

"La Moneda is wide open to the people; it is accessible to them," answers Enrique Correa. "Once again the government is receiving its own citizens, it is listening to them and dealing with their problems. They include men and women who were subjected to persecution, who were imprisoned and lost their jobs... Today they can talk freely with ministers, their deputies and other representatives of authority. I consider the current government to be very united. I had occasion to work in two offices before the dictatorship. But I do not remember that unity of this kind prevailed in them. I think this is because we realize in the most profound way the enormous responsibility that rests with us: to lead the country down the path of democratization."

"Under the current government Chile is emerging from international isolation. How would you delineate the main aspects of its foreign policy?" I ask him.

"We consider our complete re-unification with Latin America to be the top-priority issue," answers Enrique Correa. "In recent years vanity and conceit, which estranged us from the rest of Latin America, reigned. Relations with Europe also have high-priority significance for us. The solidarity of all Europe helped us to survive, without it we could not have held out. Now, at a time when Europe is moving at a rapid pace toward its own unification, when the winds of renewal are blowing from Europe, including Eastern Europe and the Soviet Union, our country must open up the doors to greet these new currents. For us the normalization of relations with the United States of America is also extremely important. And, finally, we want to be a genuinely Pacific

country; we have high hopes for our presence in this region. In conjunction with all the Pacific states, we shall manifest our full commercial, industrial, cultural and human potential."

"And relations with the USSR?"

"Undoubtedly they will be developed," says Enrique Correa. "We await with impatience the arrival of your ambassador. He is coming to a friendly country. The people here are following with sympathy the processes taking place in the Soviet Union. Mikhail Gorbachev arouses a special feeling of excitement. Our president took note of this in the speeches he made during the election campaign. Perestroika in the USSR provided a kind of background for the election campaign. I think that it has had a great influence on all of us and on the development of a democratic atmosphere in our country. We support this process."

When I left La Moneda, the presidential flag was flying above the building. This means that the head of the republic, Patricio Aylwin, was in the palace.

"Truth and Reconciliation"

According to data from journalistic sources, the number of those who died in Chile during the 16 years reached 40,000, and the number of missing reached 3,000. According to Amnesty International, 30,000 Chileans were eliminated. The American organization called Americas' Watch cites different figures: 16,000 killed. The Chilean Human Rights Commission thinks that there were approximately 15,500 deaths and more than 2,200 disappearances.

A majority of the junta's victims came during the first three or four months after the overthrow. But the crimes continued for the entire 16 years. The last deaths and disappearances were recorded in 1989.

My visit to Chile coincided with the establishment of a government commission called Truth and Reconciliation. Its job is to deal with questions of human rights violations in Chile during the 1973-1990 period. The commission includes authoritative political and social figures. Raul Rettig, a prominent Radical Party figure, a former senator and diplomat, was named to head it.

He is a person of venerable age but clear in his thinking. I became acquainted with Raul Rettig before the military overthrow. At that time he was ambassador to Brazil for the Popular Unity government. After the overthrow of Salvador Allende he rejected his post.

Now Raul Rettig is very busy: the commission has only just begun to function. But my long-standing acquaintance helped me to meet him.

"We must discover the true number of deaths and disappearances," said Rettig. "At present we have only conjectural and fragmentary data on the victims. We will have to reconstruct the whole picture in order for the country to know everything. We think that establishing

the truth is the basis for moral reconciliation in the future. Can we permit a situation in which many families still do not have information about the fate which befell their relatives? Can we permit a situation in which people still do not know how their relatives and friends died, where their remains are and who was guilty?"

I was interested in the commission's powers.

"There were attempts to have our commission declared unconstitutional," answered Raul Rettig. "But there are no grounds for that. We are not a legal nor a judicial organ: we cannot pronounce sentences or publish arrest decrees, and we do not replace a court. We are not a commission of revenge; instead we are striving, I repeat once again, to establish the truth and achieve reconciliation. Democracy does not take revenge, but rather searches for fairness. We are open to all who want to cooperate with us in establishing the truth. We are prepared to hear everyone out. If the commission comes to a conclusion that a crime has been committed and the guilty parties should receive punishment, it is obliged to present all the evidence to a court in a confidential manner."

Within nine months Raul Rettig's commission must prepare a summary report and present it to the president with its conclusions and proposals. Now, when the country is ridding itself of the difficult legacy of the military regime, the truth about its victims is as necessary to Chileans as air.

During the first days after my arrival in Santiago I became convinced that it was still too early to say: "Chile without Pinochet" or "Chile After Pinochet." For now it would be more accurate to say: "Pinochet has left in order to remain." He remains first of all as commander of a key branch of the armed forces—the ground forces. And the new head of state does not have the right to retire him because the general appointed himself to the position according to the made-to-measure constitution for eight more years, that is, until 1998. And the civilian president, Patricio Aylwin, was elected for four years, that is, until 1994.

Hostage of the Military

When I talked with the general secretary of Chile's Communist Party, Volodia Teitelboim, he noted correctly:

"Our reborn democracy is still largely a hostage of the military."

Chileans remember Pinochet's cynical statement: "If they touch any of my people, the legal government will cease to exist."

Pinochet frequently tried to ignore the civilian defense minister under the pretext that he is not a military man and does not have army rank. The ambitious general, as a former head of state, wanted to do business with the president of the republic directly and in this way show

himself to be a "strong man" who had to be taken into account. However, Patricio Aylwin, explained clearly that according to the constitution Pinochet is directly subordinate to the defense minister appointed by the president.

During my visit to Santiago, Pinochet came to La Moneda for the first time as commander of the ground forces rather than as head of state. He arrived for the meeting with the president in a Mercedes, accompanied by large security squad. After seeing his car at La Moneda, a group of people passing by began to shout "murderer!" while another began to applaud the former dictator.

Pinochet's meeting with the president lasted 40 minutes, there were no witnesses to the private talk. The general left the palace through the underground bunker rather than the main entrance to the palace. Once again the newspapers carried photographs of the man with the heavy, arrogant expression and gray brush-like mustache on a powerful face. But the press did not carry an official report of which issues were discussed at the meeting.

For several days in a row the press was filled with concurring accounts of the event by journalists and unnamed official persons. According to this information, the creation of the Truth and Reconciliation Government Commission, whose activities could affect a certain circle within the military, aroused the alarm of Pinochet and his comrades-in-arms.

The day following Pinochet's visit the four commanders—of the army, the navy, the air force and the carabineer corps—were invited to dinner at La Moneda by the president. An exchange of opinions on questions which had arisen was proposed. However, Pinochet, in an expression of his dissatisfaction, did not deign to appear. In his place he sent not even his deputy, but the number three person in the army—General Hugo Salas Wenzel, the head of the general staff and the former head of Pinochet's security agency—the National Information Center. According to press reports, President Aylwin described Pinochet's behavior as "lacking in respect not only for him but also for the country."

After the dinner journalists attacked the participants with questions at the palace exit. The army representatives, Pinochet's messenger, categorically refused to answer. The commander of the navy, Admiral Jorge Martinez Bush, diplomatically said that the meeting was "very pleasant and interesting" and that the participants "thank the president." Only the air force commander, General Fernando Matthei, did not avoid direct answers. He did not conceal the fact that the conversation at dinner was about the Truth and Reconciliation Commission. He said that the air force is 100 percent in support of the president's decision and is prepared to cooperate with the commission.

From my own observations and from conversations with public and political figures I developed the conviction that in Chile a return to the past is unlikely, although one

cannot exclude attempts to use force by certain of its recidivists. But a majority of Chileans think that a new coup is impossible. The political situation in the country and the situation in the armed forces are favorable to it.

It seems that before it was also impossible to apply the same standard to all military personnel. By no means all of them were supporters of the military regime which ruled the country, although in his time Pinochet succeeded in making all the branches of the armed forces and the carabineer corps subordinate to himself. Among the military, too, there were those who paid with their lives, with prison terms or other hardships for refusing to participate in the overthrow or for disagreeing with the seizure of power. Many military personnel were forced to conceal their own views, not wanting to participate in Pinochet's crimes. Chilean democrats who spent time in prisons and concentration camps told me that they encountered military personnel there who tried to ease their lot, who helped to establish links with the outside world and sometimes saved their lives.

Today those who besmirched themselves by participating in repressive acts remain—with Pinochet's protection. On the eve of the change in government, the dissolution of the above-mentioned security agency, the National Information Center, was announced with pomp. But in Santiago I heard several times that all the secret agents had transferred to the intelligence and security services of the army along with their files and electronic equipment. And, as I was able to ascertain from newspaper reports, some military prosecutors appointed during the period of the junta's rule continue to act against civilians as in the old days. For example, by their orders the editors of the christian-democratic EPOCA and the communist SIGLO newspapers were arrested for publicizing new facts about the activities of the junta's secret services.

Terrorist actions still shake the country from time to time. Who is committing them? What goals are they in pursuit of? The answers to these questions are not clear.

In the short time since the civilian government came to power two attempts were made on prominent figures of the dictatorial regime. General Gustavo Leigh, a former member of the junta, received serious injuries and barely survived. Responsibility for the attack was claimed by a certain "Nationalist Resistance Front," which, judging by everything, is a right-wing extremist organization. It accused Gustavo Leigh of "betraying the principles of 11 September" (the date of the 1973 overthrow). It turns out that this is a kind of revenge against the general for breaking with the junta and for his subsequent criticism of it.

However, this was later denied. The Manuel Rodriguez Patriotic Front, a left-wing underground organization, which recognizes only armed struggle, declared that it was responsible for this act of retribution. In 1986 it made an attempt on Pinochet, which cost the life of his bodyguard. Even now the "Rodriguezists" do not deny

making threats against the former dictator. In its statement the Front criticized the current constitutional government for its policy of "national consensus," and "reconciliation." They accused the courts of "lacking a firm will to bring to justice and punish all those guilty of human rights violations during the last 16 years." The Front vowed to administer its own justice until the last criminal receives what he deserves.

It would appear to be no accident that literally the next day after this publication a political murder took place in Santiago. In the very center of the capital in broad daylight two young men shot Colonel Luis Fontaine, a former head of the secret administration of the carabineer corps. The terrorists escaped. I saw how people on the streets in the center of the capital reacted to this news. One without hesitation ascribed the murder to the "Rodriguezists," while others were doubtful. I do not know how accurate this is, but later it became known that the colonel (clearly having repented) intended to make a statement to the civilian authorities on criminal cases in which he was involved. A previously unknown right-wing extremist group, the "Fighting National Front," took responsibility for his murder. In its communique it stated that the traitor Luis Fontaine had been eliminated because of his intention to reveal information on the struggle against communism during the last 20 years."

After this murder President Patricio Aylwin said:

"The path of revenge, the killing of people for their desire to say something will not lead to that which Chile needs."

For his part the leader of the Chilean communists, Volodia Teitelboim, has rejected "terrorism as a method of administering justice." In his words, this murder "plays into the hands of attempts to destabilize that democracy which is being revived."

The Fragility of Democracy

Under these conditions a new demarcation of time has started in Chile. The past has not yet been laid to rest. It still threatens to undermine the fragile Chilean democracy. It must not be forgotten that in the December 1989 elections the Christian Democrat Patricio Aylwin, who defeated two of his rivals, the political "godchildren" of Pinochet, received only 55 percent of the votes. The bloc which he heads, called Consensus in the Name of Democracy, consists of 17 parties. The largest of them are the Christian Democratic, the United Socialist and the Radical parties. They formed the civilian government which came to power in March 1990. Individuals and groups which were once part of the Popular Unity coalition are participating in the Consensus. The communists have remained outside the governmental bloc. Before the military coup they had significant representation in parliament, but now they have none there. The reasons for the failure of the communists? An unprecedented anticommunist campaign had an effect. Moreover, during the years of the dictatorship the Communist

Party suffered very great losses. An electoral system which does not allow for a correct reflection of the distribution of political forces has also had an influence. Opponents of the communists see other reasons as well, political mistakes in particular. In their opinion, the "popular uprising" policy did not meet with a response in Chilean society, tired from 16 years of violence and looking for other ways to restore democracy. However, the Communist Party is energetically supporting President Aylwin.

In the National Congress the government coalition is in a difficult position. It must not fail to take into account the positions of the rightist parties. According to the Pinochet constitution, a significant part of the Senate is not elected. As a result Pinochet appointed nine out of 47 senators before his departure. This led to a situation in which the supporters of P. Aylwin found themselves in a minority in the upper chamber, which has the right to veto. At the same time Consensus in the Name of Democracy has only a simple majority in the chamber of deputies, rather than the kind of majority necessary to change the Pinochet constitution and adopt the most important laws. And new elections, as has already been said, do not take place until 1994.

There is probably no other country in the world in which the government is situated in the capital, while the parliament is located in another city. But such is the "innovation" introduced by Pinochet into the political system of Chile. At present a considerable distance separates the executive authority from the legislative. The president and ministers continue to live in Santiago, which is located in a valley at the foot of the Andes. But the deputies and senators "are registered" in the city of 40 hills—the Pacific port of Valparaiso.

What kind of state wisdom dictated such an unusual decision?

In reply I heard:

"This was an expression of Pinochet's attitude toward parliament. He sent the unloved child away the capital. Move the deputies and senators, he said, far away from Santiago. Why have them creating extra noise in the capital and rousing the people here with their 'politicking?'"

Nonetheless, the parliament which assembled after the 16-year break began to work intensively. I had occasion to be present when the Chamber of Deputies approved a bill of enormous significance to the country: it concerned the repeal of the death penalty. Several parliamentarians described the document which was adopted as "historic." The Chamber of Deputies was preparing a bill on limiting the jurisdictional sphere of military justice and reducing its activities exclusively to army issues.

In his message to the National Congress President Aylwin said that the new government of Chile favors the strengthening of democracy, respect for human rights, the achievement of national consensus and political

stability through dialog with all parties and organizations operating within the framework of the law. Chilean society, he noted, is experiencing a period of transition from confrontation, violence, and human rights violations to the establishment of solid democratic institutions and the implementation of political and social reforms aimed at improving the life of all Chileans.

The president emphasized that the government had already taken a number of steps in that direction. A decree has been adopted on the freeing of some political prisoners; the minimum wage has been increased, and pensions have been raised. Serious changes were also planned in the area of education and health care, spheres in which spending was kept to a minimum during the military regime.

What is on the "Golden Platter"?

According to Patricio Aylwin, the dictatorship, despite its undoubted economic achievements, left the current government a poor legacy. A large budget deficit, rising inflation, growing unemployment and low living standards for the majority of the country's population—those are only some of the problems.

In the opinion of the newspaper *MERCURIO*, the military regime handed the economy over to the new government "on a silver if not a golden platter." And in fact, Chile's economic growth in recent years was remarkable, and in 1989 it reached 10 percent. But at the same time the social gains of the working people were swept aside; labor was poorly paid, and unemployment first rose, then fell but never disappeared. The current government inherited from the military regime 250,000 unemployed and a foreign debt of more than \$16 billion. This was substantial for a country with a population of 12 million. It is thought that approximately five million Chileans are below the poverty line. In the words of Patricio Aylwin, a "minority lives as they do in highly-developed countries while the majority lives under conditions of poverty and harsh destitution."

It will not be easy for Patricio Aylwin to carry out socio-economic changes—to improve the living conditions of the indigent. But the goal has been set: refute the thesis put forward by the dictatorship's supporters that it is impossible to combine democracy with a high rate of economic growth.

Uruguay's CP Sec Gen Discusses Impact of Perestroika on Party

90UF0421A Moscow PRAVDA in Russian 3 Aug 90
Second Edition p 4

[Interview with Senator Jaime Perez, general secretary of the Uruguayan Communist Party, by A. Karmen, Novosti Information Agency correspondent, Montevideo, date not specified: "We Are Returning To the Source"; first paragraph is source introduction]

[Excerpts] Senator Jaime Perez, general secretary of the CPU (Communist Party of Uruguay) talks about the 22d CPU Congress, for which preparations are being made, and about the influence of perestroika in the Soviet Union on the position of the leftist forces in Latin America.

[PRAVDA] Slightly more than a year and half has passed since the 21st CPU Congress, and the CPU is once again on the threshold of its regular forum. What are the reasons for calling it ahead of schedule?

[Perez] The work of the previous congress concentrated mainly on subjects of a political nature. There were various reasons for that. At the time we were coming up to a plebiscite on the fate of a law to eliminate the accountability of people implicated in human rights violations during the military dictatorship. Among the people it was called the "impunity law." Moreover, general elections were also coming up. In those elections the leftist coalition called the Broad Front had, as we thought, a real opportunity to gain positions never previously achieved by the leftist forces. From this arose the third task—the need to fight for the preservation and consolidation of unity within the Broad Front. For this reason in December 1988 tactical themes temporarily overshadowed subjects—which are also very important to us—such as the renewal of the party, its platform and charter, and the development of other problems of a theoretical and ideological nature.

In my view the party at that time acted correctly in concentrating its attention on tactical and political subjects. This was reflected positively in the results of our work. For example, in the general elections the Broad Front achieved a truly historic victory; for the first time in Uruguay's history the municipality of Montevideo came to be headed by leftist forces. In order to understand the significance of this event it is necessary to keep in mind that 45 percent of the country's population lives in the capital and that 80 percent of Uruguay's working class is concentrated here. The fact that the Broad Front achieved results of this kind enables us now to look with optimism on the prospects for the 1994 election. The party is now busy dealing with matters which were temporarily postponed at the 21st congress. For this reason we decided to move up the date for the next congress.

[PRAVDA] What will be discussed there?

[Perez] Above all, we intend to raise the issue of our attitude toward the current government, the situation of the popular masses and the formulation of an alternative development program for the country. An important subject for discussion will be how to render the most energetic assistance to the leadership of the Montevideo municipality in order to turn the support given to it by a majority of the capital's voters into a stable trend which could lead the Broad Front to victory in the elections of 1994. The congress agenda will include the adoption of a new platform and charter for the party, a discussion of

the Central Committee theses with an analysis of the new situation in the country, in Latin America, and, of course, in the world, especially in the Eastern European countries and the USSR. A very important theoretical and ideological subject which we will bring up for discussion is the experience—negative for the communist party—which is taking place in the countries which until recently were called socialist. We think that this experience inflicts a strong blow against the positions of the leftist forces, and especially the communists, not only in these countries but also on a world scale, including Latin America.

[PRAVDA] Recently the conversations of Uruguayan communists have contained reproaches of this kind: you, that is Soviet communists, are guilty of all the problems which have arisen in the world communist movement. Sometimes the Soviet Union is accused of "moving too quickly" and "going too far." This is supposedly harmful to the cause of socialism as a goal for which more than one generation of revolutionaries fought. Are such views reflected in the discussion going on now in the party organizations?

[Perez] Of course. People are expressing their disappointment that the hopes which we all had for the consolidation of the socialist system, and for the addition to it of more and more new countries were not fulfilled, and in this sense we are confronting an obvious retreat and negative changes in the alignment of forces in the world arena. This situation harms not only the communists but also the socialists, democrats and many other progressive forces. And, it provides our political rivals and opponents with pretexts and arguments, something which is not of inconsiderable importance.

Nonetheless, we think that if perestroika had not come to the USSR, the situation today would be even more difficult. And if anyone, including people in our country, think that perestroika has produced all of the problems which have arisen of late, they are deeply mistaken. The problems existed before; they accumulated in a hidden fashion and at any moment they could have burst forth into much worse conditions and alternatives. It is simply that before there was no glasnost. But socialism cannot be built on lies, on the concealment of truth.

It is natural that with glasnost various interpretations of the past and present are emerging. This is normal: under conditions of democracy and freedom the rules of the game are the same for everyone. People cannot be forced to write and say only that which is convenient to one person. But I will allow myself to express my purely personal viewpoint on ... let us call it the "costs of glasnost." When I read certain Soviet publications, I sometimes get the impression, first, that the people

writing them have never suffered in all their lives, and, second, that they not only do not know what they want for their country but also that they want to go even farther and eliminate everything that was created in the Soviet Union during the years of Soviet power.

Of course, the claim that the change in the alignment of forces in the world is purely negative is not accurate. One must not go to extremes. Thanks to perestroika numerous factors which enable people to look to the future with great optimism and confidence have arisen in international life. There have been some very promising changes but a majority of the explosive problems of humanity have not been eliminated and are far from being resolved. I am not sure whether the edifice of universal peace currently being built will be solid if millions of people in the developing countries remain poor and hungry.

[PRAVDA] Many people writing in the bourgeois press today claim that as a result of the changes which have taken place in the Eastern European countries, the socialist ideal has begun to lose its attractiveness; they also attack the communist party for its "unwillingness to follow perestroika"...

[Perez] Yes, people are now very actively and from all sides trying to suggest that the socialist ideal is not only losing its attractiveness but is also supposedly at the stage of complete and final elimination. And, of course, the main blow comes down on the communist party. What can be said on this score? This is a deliberate, malicious campaign. It is being carried out very skillfully and on a truly gigantic scale. And as always happens in such circumstances, the desired is alleged to be real. But in fact it is not the ideal of socialism which is being eliminated but rather a definite model for the building of society—a bureaucratic one, cut off from man and the people in general. I once said and I repeat: we are returning to the source, to the reason why we became communists. And I will never be able to agree that the only prospect for the development of mankind is capitalism with its bestial laws, with its exploitation, wars, interventions, poverty and hunger, diseases, drugs, etc. Capitalism is nearly five centuries old, but it has not solved a single one of mankind's problems. I believe that the future lies with socialism. It is young, it looks for solutions, makes mistakes, improvises. One would like the mistakes to be fewer and the improvisations not in those places where they should not be made. Today socialism, despite the difficulties and problems which have emerged, shows its vitality through its ability to undertake such profound, purifying changes. This is not death, it is rebirth. And the fact that our opponents put forth so much effort to announce the decline of the socialist ideal in itself says that socialism has found a genuine path to victory.

Problems, Prospects for USSR-Hong Kong Joint Ventures Discussed

90UF0422A Moscow PRAVDA in Russian 03 Aug 90
Second Edition p 5

[Article by S. Cheremin: "Setting Sail—With Hopes For Success. Businessmen From Hong Kong Discover the Soviet Market"]

[Text] We have become so accustomed to the growing joint enterprises that the emergence of new ones evokes little interest. The hullabaloo in the press has also died down. After all, the number of joint enterprises has long ago exceeded the 1,500-mark. Therefore, the presentation of yet another one might have gone entirely unnoticed. However, in the Moscow "Business Club" on Taganka Street, even by the abundance of television cameras and reporters, one might have been able to conclude that the event was certainly not an ordinary one.

This time, businessmen from Hong Kong decided for the first time to try their luck in the whirlpool of our economy. And although only several months have passed since the registration of the "Jupiter" [joint enterprise], nevertheless its activity is rather notable. Half a million dollars worth of equipment has already been delivered to the Soviet Union and studios serving amateur photographers have been opened in Moscow, Leningrad and Riga. Negotiations are being conducted on instituting branches in Odessa, the Crimea, and the Transcaucasus republics. We must also note that service at the level of world standards is "getting along" with the state valuations here. Moreover, accounting is performed exclusively in rubles.

The "Jupiter" aktiv has a contractual agreement on joint production with the Petergov Watch Plant. Under this agreement, the mechanisms are provided by the Soviet enterprise, while the development of the cases and their current design is provided by the Hong Kong side. The products will be sold on the domestic as well as on the foreign market. In the future the joint enterprise plans to open a network of high-class restaurants, where gourmets will be able to savor Chinese dishes...

At the conclusion of the press conference, "Jupiter" President Yui Ping Tung graciously agreed to answer a few questions.

[Correspondent] What was the attitude of your colleagues in Hong Kong toward such a risky venture as the creation of a joint enterprise under our conditions?

[Tung] When I published an article on my intentions in the journal KNOW HOW, many of my friends announced that I was, to put it mildly, "not a smart person", since I had thought up all of this. Nevertheless, I have an optimistic view of the prospects for development of the Soviet market, since I am convinced of the success of the great reforms undertaken by M. S. Gorbachev. The Russian people whom I have had occasion to meet in business have made a very good impression on me.

[Correspondent] What difficulties has the Hong Kong side had to face in organizing "Jupiter"?

[Tung] First of all, we were amazed by the extremely low effectiveness of the bureaucratic system which has been formed in the USSR. Resistance was felt at practically every stage of creation of the joint enterprise. Add to that the extremely complex and confused situation in the current Soviet market, and you will understand why only a few strive to invest their capital here. Evidently, this explains also the reaction of my colleagues in Hong Kong. In order to attract foreign businessmen, you must, in my opinion, adopt permanent legislation as quickly as possible to regulate the activity of joint enterprises and to protect foreign investments. Legislative statutes concerning the use of profits in rubles and in convertible currency must be ratified.

One of the main obstacles remains the fact that, while investing currency in a joint enterprise, I can receive only rubles in return. Yet the official exchange rate of the dollar is not comparable to the real market exchange rate. For example, we delivered equipment in the sum of half a million. It would seem that is not such a great sum. Yet according to the "black market" exchange rate this is almost 10 million rubles! In other words, having invested my capital at the official rate of exchange, I have in fact lost over 6 million on the Soviet market. Therefore, our goal is to organize an extremely effective production so as to cover the losses without increasing the price on services.

[Correspondent] The word "market" has been used several times here. Nevertheless, it seems to me that it would be incorrect to speak of its existence. Even if you have money, you cannot buy anything. In connection with this, the question arises: What do you think, when will a full-fledged market be formed in the USSR?

[Tung] It is rather difficult to name an exact time. However, I believe that this will happen very soon. It will happen despite the clear opposition from a portion of the population. This is an historic regularity, just like perestroika. If I were not sure of this, I would not think about creating a joint enterprise in the Soviet Union. Someone has to be first, and therefore I have come forth as the founder of the company "Viktorish Investment Limited", which has united all businessmen who want to invest their capital in the USSR.

[Correspondent] As a rule, the influx of investments is facilitated by political stability in the country. Today in the USSR reform is in full swing, the multi-party system has emerged, and the reputation of the Soviet side as a reliable foreign economic partner leaves something to be desired...

[Tung] Yes, the element of political instability is felt. In my view, this is a temporary phenomenon. The Soviet Union was and will remain a great power with a huge economic potential. Reforms are always painfully taken by society. At some stage, they invariably bring chaos

and disrupt the economic ties. All of the leading states today have not avoided this difficult period.

[Correspondent] Will the transfer of Hong Kong to the sovereignty of China which is planned for 1997 have some effect on the fate of "Jupiter"?

[Tung] I believe that Hong Kong's economy will continue to develop even after 1997. Metaphorically speaking, this is the chicken which lays the golden egg. And, judging by the announcements of Chinese leaders, they have enough wisdom not to kill this chicken. Today Hong Kong is one of the most favorable places for the development of enterprise. And, as we know, an agreement has been reached to the effect that the order which exists here will be retained for another 50 years. The world is rapidly changing, gradually coming to an understanding of real values. That is what my optimism is based on.

[Correspondent] Many people will be interested to learn how the wages of the joint enterprise associates will relate to the average wage in Hong Kong and in the USSR.

[Tung] Compared with the average wage in the Soviet Union it will be approximately 3 times higher. As for Hong Kong, taking into consideration the buying power, "Jupiter" workers will receive one-half the average wage.

[Correspondent] Finally, what is your percent of assurance of the success of your brainchild?

[Tung] I am all 100 percent sure!

Well, we will wish the Hong Kong ship a successful voyage in the stormy seas of the newly forming Soviet market. We would like to hope that its captain will soon be followed by other businessmen from Southeast Asia.

Results of Trade Delegation Visit to Harbin Assessed

90UF0436A Moscow IZVESTIYA in Russian 7 Aug 90
Morning Edition p 5

[Article by V. Romanyuk, IZVESTIYA special correspondent: "A Business Trip To Harbin; Comments By a Participant in the Trade Talks"]

[Text] We were not leaving Harbin empty-handed. Our two agreements of intentions appeared rather impressive. The Soviet side (Minneftegazstroy [Ministry of Construction of Petroleum and Gas Industry Enterprises] Engineering-Information Center) was planning to offer the products of its sector, construction services, as well as mediation services in obtaining such products on the Soviet market as steel, lumber, chemical fertilizers, construction machinery and mechanisms... The Chinese side (Heilungkiang Commercial Trade-Industrial Import-Export Company) was ready to supply products from the PRC and third countries: passenger cars, vans, mini-trucks, radio electronics and electrical household

appliances, construction materials, polygraphic equipment and high quality paper, and outerwear made of fur and down.

The volumes were not so great, but as they say—it was a start. There was also an agreement—it too sounded attractive: The Chinese side intended to commission, and the Soviet side—to perform work on seeking partners for mutually profitable trade ties and the creation of joint enterprises on the territory of the USSR and the PRC. For these purposes, the parties intend to exchange useful commercial information.

I was invited to participate in the business trip to Harbin by the Minneftegazstroy Engineering-Information Center. The center's director, B. Furman, had just returned from Harbin, where he established mutually beneficial contacts with the Heilungkiang Commercial Trade-Industrial Import and Export Company. Our delegation was to continue the dialogue.

"Our association is not a bureaucratic, but rather a technical apparatus," noted General Director Van Fan in his conversation with us. "The mutual relations of the association and its 1,200 members are built with command from above—on a purely commercial basis. It is profitable to deal with us: We sell more cheaply than the others and give a discount on delivery of large shipments.

We were representing the USSR Minneftegazstroy, a sector which stubbornly develops its infrastructure, believing that it will be able to participate more assuredly in the market if it has its own machine building. Today this comparatively young branch of what is essentially a construction ministry not only provides line workers with the necessary technology, but also supplies household appliances to the market and makes small-scale farm equipment. Among other products, motor assemblies are offered for the Chinese market. This mini-tractor for working garden plots may also be used as a transport means—to transport up to 0.5 tons of cargo. And yet by its capacity it does not fall into the class of transport vehicles which are levied with a tax in China. The Chinese have also expressed an interest in machines for transporting rarified gas.

We get the impression that the Harbin hotels are filled with Soviet delegations. Our negotiations are conducted in a rather fragmentary manner. Several times the Chinese partners have cut them short, referring to the fact that they are extremely busy with negotiations... with "Yakutalmaz". In the hotel we met a delegation from Mirnyy. "Yakutalmaz" Association Deputy General Director V. Mazur and Deputy Chairman of the Mirnyy city soviet N. Yermolayev told us about the various interests of the Siberians in China. Specifically, an agreement has been reached on the joint production of... toothpicks. The Chinese will supply the equipment, and the Siberians will settle accounts in finished production. The Siberians have a great interest in Chinese goods.

especially warm jackets—"down jackets" and medicines. "Yakutalmaz" is ready to go beyond the framework of barter and to pay in currency.

Yes, that is a formidable partner, and we with our protocols of intent must find patience. Yet we did not waste any time. To visit all the enterprises whose interests the commercial company represents was unthinkable. We remembered the products of the joint Chinese-Hong Kong tricot factory "Liantun". Deputy Director Van Chan Yu told us that, having emerged in 1988, the factory has already entered the world market and has buyers in Belgium, Yugoslavia, the FRG, Spain and the Congo. Last year 100,000 product units were sent to the USSR.

It is simply envious how quickly the Chinese master a new task, and most importantly, orient themselves from the very beginning toward the world market, toward outright efforts to earn currency. Together with the "Yakutalmaz" delegation we set off to the Heilungkiang Furniture Combine. The deputy director of the head enterprise Han Deng Xun took us through the shops. Most of the equipment was Italian. Consequently, the buyers were also primarily Italians. The combine manufactured multi-functional sets of furniture.

In response to my question about how often the production is updated, Han Deng Xun answered that furniture, like women's clothing, needs to be updated quite often. The factory has a company store, through which it studies consumer demand. Aside from Italy, the factory's production goes to the USA, North Korea and Hong Kong. They would also like to supply to the USSR—their capacities permit, but they need additional raw material.

"We do not have the right to supply round timber," Yakutalmaz Deputy General Director V. Mazur joined in the conversation. "We may supply semi-finished stock or individual parts on a cooperative basis, including also according to your blueprints. In exchange we would agree to receive furniture accessories for our factory."

His fellow conversationalist perked up: The proposal clearly interested him. A month ago he had already signed protocols of intent with organizations in Chita and Magadan. The factory would receive lumber materials and supply furniture to these oblasts. Yet for now there was not a sound from Chita and Magadan. What is this, another empty discharge? Cooperation is more reliable. When the interests are mutual, one may expect real contracts to follow the protocols of intent.

I remember one other meeting in this connection. The deputy director of the Harbin Fourth Radio Plant, Qi Wan Jun, told us that his enterprise has been trading with our country for 3 years. He showed us the samples of products which are successful on the Soviet market—"Sunga" brand automobile radio receivers, players, and stereo systems. In a year, 20,000 product units are shipped to the USSR. We ask about the prospects for cooperation. And unexpectedly we learn that efforts of

this sort have already been undertaken. A protocol of intent has been signed with the Odessa Radio Plant. The discussion centered around creating a joint enterprise, for which the Chinese were ready to supply the equipment and send the specialists. But the Soviet side limited itself merely to that protocol of intent.

Even the general director of the Heilungkiang Association, Van Fan, who was rather cautious in his evaluations, complained in his conversation with us that the Soviet partners do not always supply quality products. Here he showed color slides depicting heaps of warped and rusted metal, which in the documents was called "cold-rolled structural steel". Yet in return for it, according to the barter, video tape recorders and color televisions went off to the USSR! And when this same dishonest company asked for Chinese excavators, it was refused. Unfortunately, Van Fan categorically refused to name names. He did not want the partners to "lose face".

Often in Harbin the thought tormented us: Are we trading with China as we should, with the proper goods? In Peking we were met by the deputy USSR trade representative in the PRC, Yu. Chinyayev. He told us that Heilungkiang Province, the center of which is Harbin, accounts for 60 percent of the goods turnover of our direct and border ties. Heilungkiang also uses the resources of other provinces of China. Of the 50 organizations in the PRC who have obtained the right to conduct foreign economic activity, 11 are located in Heilungkiang Province. They are actively seeking contacts with Soviet partners also in the province of Liaoning and Sichuan. Unfortunately, everyone is asking the USSR for narrow group descriptions of goods: fertilizer, lumber, metal and petroleum products. In return they are offering textiles, consumer goods, electronics, electric motors, and assembled computers.

I asked whether the fact that Chinese enterprises do not have the right of direct entry onto the world market complicates the matter. Yu. Chinyayev said in this regard that the Chinese side is bringing about order in its foreign economic activity. Quite recently in Harbin alone there were around 180 organizations which directly conducted operations on the Soviet market. Today they have put an end to the lack of control in this sphere. In our country, however, the wilfulness continues. Moreover, Soviet enterprises entering the Chinese market, as a rule, do not inform either the Soviet trade representation in the PRC or even the representatives of their sectors conducting state trade with China about this fact. We might add that they did not know anything about our trip here, either.

And so deals are made, as Yu. Chinyayev said, according to the principle of "pile on pile". Here the mutual accounting is performed without participation of the Foreign Economic Bank, yet within the country no one would allow themselves that. We might add that the Chinese work quite accurately in the sphere of finances and conduct all deals through their banks. In principle

we too have already realized that it is expedient for the Foreign Economic Bank to have its own representations in all the major cities, or to delegate this activity to the commercial banks. Perhaps we should regulate foreign economic activity in this way too?

Before answering, Yuriy Nikolayevich announced that he is expressing only his own personal opinion. Since we have proclaimed the right of enterprises to conduct foreign economic activity, it is senseless to debate over this question. Another matter is that we need a mechanism for economically competent application of this right. In any case, an enterprise, before setting off on a risky venture, must prove its capacities and readiness to go out into the foreign market. For now it is considered sufficient to present a declaration. This leads to the huge number of protocols of intent and the rather humble list of realized contracts. Yet we cannot, in fact, sign contracts without knowing what is going on in the world. The worldly principle: I will buy cheaper abroad and sell for more at home—deprives us of 3-4-time dividends. The Chinese foreign economic organizations, however, are not limited by expert investigations of their enterprises. They examine also the cadres which are to engage in commerce on the foreign market.

"Would it not be more prudent to delegate the management of our dealings with foreign companies to specialized organizations?", I ask.

"That would be the best thing to do," agrees Yu. Chinyayev. "Such organizations may act within the framework of sectors or regions. Whether they be associations or centers like yours—the main thing is that they be ready to implement this type of activity."

I noted that the Chinese businessmen are stubborn, firm and pragmatic in their negotiations. I will not say that participation in negotiations is a grippingly interesting matter. Rather, it is a tiring and exhausting one. Our partners conducted the dialogue in an unhurried manner and remained emphatically humble, endlessly reminding us that any decision requires preliminary coordination in the province's government. The more specifically the proposals were formulated from our side, the more indefinite the responses sounded from the Chinese side. The partners clearly did not want to bind themselves with responsibilities ahead of time. Yet at the same time they were feeling out their fellow negotiators, sounding out the true potential of the as-yet little-known Soviet firm, approaching an agreement in roundabout ways, relying, perhaps, more on their own information and intuition. Yet, having calculated out all the variants, they moved faster, now already themselves removing the obstacles which arose. For example, when the question of exchange of permanent trade delegations arose, the Chinese easily agreed to open an account for us at the Harbin Bank, so that even in non-currency barter deals, which dominate in trade between the two countries, we would have at our disposal the necessary financial resources in Chinese currency.

We spoke about the prospects of creating Soviet-Chinese-Japanese joint enterprises. Such joint enterprises could, in the opinion of Yu. Chinyayev, more flexibly utilize the capacities of all the parties: Soviet raw materials, Chinese work force, and Japanese technology. Yet where are the zones of free enterprise in the Soviet Far East? It is not enough to declare the creation of a free zone. We must also create its infrastructure.

In general, in business relations with the Chinese side, explained our fellow conversationalist, success is achieved by work, stubbornness and knowledge. And this is what Soviet specialists clearly lack. Soviet delegations in Peking or Harbin go straight to the partners, who have a better grasp of the market conditions and of commerce in general. Alas, we too followed this path.

In regard to our protocols of intent, Yuriy Nikolayevich said: The Chinese have begun to complain more frequently about the irresponsibility of the Soviet partners. The trade representation cannot always protect the interests of the Soviet organizations, since it does not even have copies of the protocols of intent.

"You are presenting a most typical case," sighs Yu. Chinyayev. "It is good that at least you came in after the negotiations. All we want is for the Soviet delegations to be better informed. After all, you are losing already in your approach to the contract. Yet this can be avoided. It is possible that we might have been able to find you more interesting partners than you have found yourselves, and if necessary even take part in the negotiations."

These are bitter, late truths. I remember: How many brave emissaries of the young Soviet business are milling around in the stuffy hotels of Harbin. Already in the first contacts with the Chinese partners it has become apparent: We are rushing to enter the race abroad without having any notion of the "rules of the game" which exist in the world, and not even knowing how to maintain our own interests.

We flew to Harbin on an airplane built by the Chinese in conjunction with the American McDonnell-Douglas Company. Now our Minaviaprom [Ministry of the Aviation Industry] is conducting negotiations in Peking on building a Soviet-Chinese airplane. The agreement on participation of Soviet organizations in the creation of a high capacity nuclear power plant in China has great promise. Yu. Chinyayev told us about this. Well, and at the reception by the deputy representative of the All-Chinese Association of Merchants and Industrialists Ma Yi, the head of our delegation V. Panteleyev had to sweat a bit: The Chinese side was very interested in the possibility of Minneftegazstroy laying pipelines under extremal conditions—through deserts and along the shelf zone of the ocean.

...On my desk are the business cards of our new Harbin friends. Each one of them bears the emblem of the Heilungkiang Commercial Trade-Industrial Import-Export Company—four rings joined to form a flower at the point of intersection. Yes, the time for sowing (the first contacts) has passed. It is time to think about the harvest, the very time, as the Chinese say, to bake "moon cookies"—"yuzbin", and they must be baked from freshly milled grain.

Hardships, Work Problems of Soviet Specialists in Iraq Examined

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Morning Edition p 5

[Article by D. Velikiy and A. Levchenko, staff correspondents of IZVESTIYA and GOSTELERADIO (State Television and Radio), respectively, for Baghdad, Cairo, and Moscow: "No Edenic Life Awaits Soviet Specialists in Iraq"]

[Text] According to legend, the biblical Garden of Eden once was located in present-day Iraq. The merciless sun, the acute oxygen shortage, and the drastic atmospheric pressure variations in the summertime do not let you believe in the legend. Metallic structures are not to be touched during daytime, for example, even when wearing thick canvas mittens. Nevertheless, Soviet specialists—about 5,000 of them are working in Iraq, and their number should reach 8,000 persons by the year's end—are working on construction sites every day.

By their hands, in the broad expanses between the Tigris and Euphrates, in the country's marshy South, and in its deserts, new TETs [heat and electric power plants] are being erected, oil fields are being opened up, and over 100 industrial facilities have been built. Soviet-Iraqi cooperation is actively developing, to the benefit of the Iraqi economy, sorely hurt by the cruel and prolonged war with Iran. Nevertheless, judging by the reporting done to higher authorities, our state also profits substantially from its cooperation with this country.

However, there also is another—and very gloomy—side to this reporting, which you cannot call anything but dark. We are talking about the startlingly high death rate among our specialists in Iraq: Almost every Soviet airplane flying the route from Baghdad to Moscow carries a sad burden away on board.

We examine a depressing statistical document—the consular registry of fatalities. Chizhik, Yevgeniy Dmitriyevich—he was 55 years old—died of acute cardiac insufficiency. Sukhachev, Vladimir Ivanovich—the same cause of death. Shakhnazaryan, Artash Valuyevich, 46, died of cancer.

The tragedies' statistics are shocking. In April and May of this year alone, four Soviet specialists died—infarctions and strokes. May the relatives and close associates of those named forgive us for the pain that we are unintentionally causing them, but, God knows, we are motivated only by a desire to help the Soviet people already working, or still just intending to work, in Iraq.

They are really placed under the most difficult conditions in this country. In the South, for example, the climatic extremes reach critical magnitudes, sorely trying human endurance. And it would be natural to suppose that the Soviet specialists working there are given the proper attention by medical personnel of the Soviet polyclinic with hospital in Baghdad, the staff of

which is composed of experienced doctors. However, here is what Fedor Ivanovich Popov, USSR Consul General in Basra, tells us:

"Unfortunately, I must affirm that there is practically no medical checking at all on the health of the more than 4,000 Soviet specialists working in the Iraqi South. Doctors in general are available, a neurosurgeon and a periodontist for example, but here in the South, specialists of an entirely different type are probably needed: a cardiologist or resuscitation specialist, in order to provide immediate medical aid right here on the spot when necessary, and not lose precious time in transporting the ill to an Iraqi hospital in Basra.

"We had the sort of bad situation in which two specialists died during one night. We were sure that the chief doctor would come without fail to establish the cause of death—certainly he is our main medical specialist in Baghdad—but we awaited his arrival in vain."

"Fedor Ivanovich, in your opinion, what must be done to reduce the number of fatalities among our specialists in Iraq?"

"I think it is necessary, first of all, to make the medical checkup in Moscow stricter for those who intend to work in Iraq, and to arrange for substantial medical service at the construction sites themselves. It is questionable that there is a need to send people older than 50 here for work on the construction sites. It is no secret that some specialists, who come to Iraq, deceive the medical commissions in various ways. Unfortunately, the consequences of this are very tragic."

No, Iraq is indeed no resort, but the point does not lie in the climate alone. Take the living conditions, for example. Often, neighboring our huts [temporary buildings], on construction sites where specialists from Italy and other Western countries are working, you can see well-built housing units with reliable air-conditioning facilities and all the features that are absolutely essential for living in a hot climate. These conditions are provided by the Iraqi side, as a rule, in accordance with contractual obligations.

As for our contracts, most of them are performed as "turnkey." This means that we must turn finished facilities over to the Iraqi, and the Soviet side assumes all the responsibilities of arranging for our people's everyday living and recreation. Thus the small housing units in which our specialists live are often overcrowded. The Baku [Bakinskiye] air conditioners work faithfully at temperatures up to 45°C [113°F], but they are rather weak when the thermometer column goes above this figure, and, in these parts, that certainly happens very often! Then a hut becomes a red-hot iron cage.

What can be done to fundamentally improve the situation? Clearly it is difficult to pose the question any other way if we value the lives of Soviet people. We talked about precisely this with the construction bosses and

builders themselves at the "Yusifiya" TETs on the Euphrates not far from Baghdad.

Many of them are convinced that the terms of the contracts must be changed. In addition, when being hired for work in Iraq, our specialists must know, while still in the Soviet Union, what awaits them in this unfamiliar country. So far, the particulars of the local conditions are turning out to be entirely unexpected for many of them. The construction site's labor collective has sent a proposal to the All-Union Central Council of Trade Unions [VTsSPS] regarding this, and has already received a draft of a new contract agreement, in which these thoughts are taken into account.

However, with us, as you know, a great many drafts are traditionally implemented slowly, and many remain on paper as just drafts. We would like to believe that the draft of the new contract agreement will not sink into a quagmire of coordinations and compromises. It is common knowledge that there have recently been many people wanting to go to work in Iraq because of the higher pay. Inasmuch as the country was in a state of war, a 20-percent wage/salary supplement (morbidly called "burial money" in our nation) was being paid. Now, of course, this augmentation does not exist. Moreover, when the manifold increase in food-product prices during the past year is considered, it may be said that the financial advantages of working in Iraq melt away like an eskimo pie in the sunshine. Many people understand this, by the way, and do not return to Iraq when they go to the homeland on vacation.

The enumerated problems doubtless affect the production indices of the aforesaid construction site, which is still considered rather successful. At the same time, these indices cannot be objectively pleasing, which allows a conclusion to be reached concerning the state of affairs at the other, less "successful" sites.

"Progressing at the same rates as we are now," said I. Volkov, the heat and electric power plant's chief of construction, "we shall be unable to fulfill our obligations on schedule. Moreover, we shall pay a very large penalty in dollars for each extra working day, and there will be a good many such days.

"It is interesting that when one speaks of our advantage in the contract, it consists of our receiving half the money for the construction in freely convertible currency. But alas, all things considered, we never see the whole amount once the excessive construction time is determined.

"The main construction problems," I. Volkov told us, "are shortages of equipment, building materials, machinery, and housing for the specialists. Almost 18,000 metric tons of cargo for us has been lying in Jordan, at the port of Aqaba, for many months now, although the maritime fleet could have off-loaded it in an Iraqi port, which would have been considerably cheaper and faster. There are difficulties of another sort also. We completed three housing units for our builders, in the

expectation that they would be arriving right away. But the housing units stand vacant to this day—the specialists are going through the red tape in Moscow.

"Even now a discrepancy is apparent between the amounts of work that must be done according to the schedule and the actual situation with the work force. At the beginning of June, 1,000 men were supposed to be working at the construction site. There were 550 men in all at that time."

"Why is it necessary," asked I. Volkov, "to transport a huge number of people from the USSR to Iraq repeatedly to perform work that does not require a high degree of skill? The sort of contract, under the provisions of which we would provide our technology and a small number of high-class specialists, and, as the experienced Western companies do, not only in Iraq, but in other Eastern countries as well, recruit the rest of the work force from among immigrants from Southeast Asia, would be far more advantageous to us. Then we would not have to worry about how to fit out a tiny steam bath for the needs of five hundreds of men. It would be much simpler to provide normal living conditions for two-tenths of the Soviet technicians than for our whole army of specialists—the overall number of these is specified in the contract as several thousand men!"

As for the troubles in delivering our specialists to the workplace, here is what Aleksandr Kirichenko, Aeroflot representative in Iraq, told us.

"We now make two flights a week from Moscow to Baghdad—Tu-154 airplanes are flown. "Iraqi Airways" makes one flight. The maximum number of passengers that Aeroflot can transport per week is 264, and we are strictly limited in this regard. In order to unburden the line, at least somewhat, one additional Tu-154 liner will fly from Moscow twice a month.

"Only charter flights, which must be properly ordered by the ministries and departments whose specialists are being sent to Iraq, can improve the situation in a substantial way during the summer period. Aeroflot has now switched to self-financing and cost recovery. The arranging of charter flights involves currency outlays, and, if the departments sending the specialists will reimburse these to us, then there will be no problem with the transporting; so far, however, the organizations are trying to send people by scheduled-flight airplanes, and only for rubles.

"Let us look at things realistically: The Baghdad-Moscow route is unprofitable for Aeroflot; we pay all currency expenses for making the international flight ourselves, but we receive the inconvertible Soviet ruble in return...."

Going back to the situation at the heat and electric power plant construction site, it must be said that other common problems also exist at both it and the other construction sites. For example, the separation from home is aggravated by a shortage of fresh information

about events in the homeland. The delivery of newspapers and magazines occurs with an invariable 2-week delay.

This situation could be changed in a radical way, not only by arranging for the timely arrival of the periodicals, but also by installing antennae for satellite reception of Soviet television. The Iraqi authorities are categorically opposed in the latter area—such equipment's importation into the country is strictly prohibited. However, as it seems to us, the Soviet Embassy and Trade Delegation apparatus should be able to exhibit great insistence in negotiations with the Iraqi side on this matter. The interests of the impressive corps of Soviet specialists in the country—one of the most numerous in the world—justify these efforts.

Thus, as we see, a very large set of problems, requiring the earliest possible solution, faces the Soviet people working in Baghdad. Meanwhile, just during the time that we were preparing this article for publication, new entries have been made in the aforementioned consular registry.

Unified Yemen Viewed as Possible Regional 'Stabilizing Factor'

90UF0411A Moscow IZVESTIYA in Russian 29 Jul 90 Morning Edition p 4

[Article by Marina Popova: "Unification—The Way Out Of The Dead End"]

[Text] The first weeks in the life of the unified Yemen state are behind us.

They have long dreamed aloud of unity both in the North and in the South. Yet when this dream suddenly began taking on the traits of reality, not everyone was ready for this. The social, political and economic structures which had been formed in the "two parts of Yemen" were just too different and almost incompatible.

"Yemen unity will not last even 10 days," said evil tongues in Sana, which had become the capital of the unified state. "The merger with the traditionalist north will lead to the absorption of South Yemen, to the loss of the social achievements of our regime," feared certain party workers in Aden, which has been called the economic capital of the republic. "The southerners and northerners will immediately quarrel," predicted ill-wishers from abroad. Moreover, will Islamic currents which are so influential in North Yemen, especially the groups of "Brother-Muslims", allow unity with the godless Marxists? And how will Yemen's neighbors view this? These discussions at times turned to efforts to bring the unification movement to a standstill by various means.

The unification of the two Yemens, in spite of all the possible zig-zags and hold-ups in this process, undoubtedly signifies a rush in the direction of turning this poor backward country into a current state.

But how to weave together into one the administrative forms which have been created in the course of the last two decades in South Yemen, where the Yemen Socialist Party (YSP) which monopolistically directed the country's development set the goal of building socialism, and the mosaic of North Yemen society, with its motley variety of economic structures, its most complex interweave of social strata and hierarchy of social life? "We have not built socialism in the South, nor have the northerners built capitalism there. Alas, we were creating armies that opposed each other. Now we must direct the funds which had gone for this toward the economic and social development of the country. Unification is the way out of the dead end, and we must take the best of each country's experience," admitted Ali Salim al-Bid, YSP Central Committee General Secretary and currently deputy chairman of the YR Presidential Council, in one of his interviews.

The primary reference point in this process, as defined by the Yemeni themselves, are the interests of the people. Therefore, they speak of the need to retain the achievements in the sphere of education, public health, culture, and emancipation of women which were attained in South Yemen. Here we cannot overlook the great significance of aid on the part of the Soviet Union, whose cooperation with the PDRY has taken on a close and all-encompassing character. At the same time we must also admit that the degree of effectiveness of Soviet aid to South Yemen (as affirmed by the newspaper LE MONDE, its volume comprised \$400 million annually), from the standpoint of return for our country as well as for the needs of the PDRY itself—is a separate and not so pleasant discussion. It is evident that here too the fact that the often mechanical transfer of our forms of political and economic activity, our conceptions and experience, and not always successful experience at that, onto South Yemen soil with its multiplicity in the tenor of life and its retained influence not only of feudal, but also clan-tribal relations and illiteracy of the overwhelming part of the population, caused this country some serious problems, especially in the economic sphere.

Meanwhile, in North Yemen in recent years there have been definite changes outlined in the development of the economy. The country has in general become self-sufficient in vegetables and fruits, and light industry enterprises have emerged. The basis for an oil and gas industry is emerging. There are plans to strengthen and improve the forms of economic management activity which has justified itself.

On the whole, the practical implementation of unification, which is to be completed in a 2.5-year transitional period, is moving ahead dynamically.

On the basis of an agreement on cooperation between the YSP and the General People's Congress—an organization of political forces of North Yemen, steps are being taken for the practical realization of the constitutionally secured principle of political pluralism. Dialogue is being established with other organizations, the formation of new parties is underway, and printed publications have been issued. In this context, the YSP's adoption of the formula "to be one of the political forces", i.e., to act under conditions of a multi-party system, as well as the decision on de-ideologization of the army and security services, where party activity is still not permitted, takes on vital importance. Explaining the purpose of this decision, the head of the unified state A. A. Salih emphasized: "Party work and inter-party rivalry in the armed forces may have a dangerous effect on national unity and on the combat capability of the army, as it must be ready to serve the people and the homeland, and not some party, group or clan".

The new Yemen government, which has defined its task for the upcoming period as correcting the economic situation and improving the living standard of the people, has found itself faced with a serious test. How can it achieve these goals? Both the YAR and the PDRY were among the most underdeveloped countries of the world, with a per capita income of \$550 and \$470, respectively. Their finances are in a very difficult state: The overall foreign debt of the Yemen Republic, according to the press data, is around \$5 billion. "When two poor states unite, one very poor one is formed," noted one Western journalist. The head of the YR cabinet Haydar Abu-Bakr al-Attas nevertheless views the future with optimism, believing that it is specifically unification which can facilitate the solution of many problems. His government proceeds from the fact that the very cessation of opposition between the two states will allow them to save considerable funds and to utilize natural capacities and resources, especially oil, more rationally. The government also believes that a stable

environment will attract capital of Yemeni emigrants (and there are neither many nor few of them—around 3 million persons), as well as that of foreign companies. The realization of the intention to freeze military contracts announced by the head of the YR must also bring a savings. "Before, both we and the southerners spent millions of dollars for the purchase of arms. Now we have no reason to create the arsenals, we have no problems with neighboring states," said A. A. Salih. We might add that prior to unification both the YAR and the PDRY spent over 25 percent of their budget allocations on military needs!

The Yemeni do not hide the fact that they also hope for the help of their Arab brothers. It has already been forthcoming from Iraq—\$50 million, and from Saudi Arabia—\$75 million.

The reunification of the two Yemens is undoubtedly a most important landmark in the history of the Yemeni people and a notable event for all Arabs. Moreover, the very fact of emergence of a single Yemen has painlessly eliminated an age-old focus of crisis—the inter-Yemen conflict. Considering the peace-loving intentions which the leadership of the new state has confirmed, this state has all the chances to become a factor of stability, having a vitalizing effect on the situation in the explosive regions of the Red Sea and the Persian Gulf. It is difficult to say whether the Yemeni example will be contagious for the countries of the African cape which are overloaded with internal disputes, especially those such as Ethiopia, Sudan, and Somalia. However, it may have a sobering influence.

The "honeymoon of the Yemeni family" is over. As is customary, things did not go without disagreements. Yet the main thing occurred—the roots of this ancient tree began to grow together, and the first shoots appeared. And today, perhaps, there is every reason to believe that the "Yemeni" variant of peaceful unification is becoming irreversible.

Somali Capture, Release of Soviet Fishing Trawler Examined

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Morning Edition p 5

[Interview with Yu. A. Yukalov, USSR Ministry of Foreign Affairs Africa Administration chief, by M. Yusin; time, place, and date not specified; commentary by Professor K. Bekyashev, doctor of juridical sciences, conducted by G. Charodeyev under the rubric "Details for IZVESTIYA: "The Odyssey of the Trawler Kaff"]

[Text] A week has passed since the crew of the Soviet fishing boat Kaff, seized off the Somali shores, was released from captivity. We have already written about the trawler Kaff's epic, but the information was often spotty and in places, contradictory. Now that passions have cooled, the exhausting negotiations with the abductors are behind us, and the Soviet seamen are at long last free and safe, the time has come to tell about the operations our diplomats conducted in more detail and about certain details which they preferred to keep secret at the height of the crisis. Yu. A. Yukalov, chief of the USSR Ministry of Foreign Affairs Africa Administration, tells how the crew of the trawler Kaff was freed.

[Yukalov] First I will remind you briefly of the essential facts of the affair. On 18 July the trawler Kaff, with a 27-member crew on board and working on contract for the Soviet-French mixed fishing company, Fransov, was seized off the shores of Somalia by an antigovernmental armed grouping, the Somali National Movement.

We remained in a state of ignorance for the first few days after it happened: who had seized the Soviet fishermen, and why, and what were the conditions for their release? Before developing a plan of action, it was necessary to at least establish whose hands they were in and try to make contact with the abductors.

First of all we appealed to the Main Navy Headquarters to find out if there were any Soviet military ships nearby. It turned out that in fact we had a minesweeper not far away. At the command's instruction, it went to the necessary region and tried to make contact with the Kaff, but unsuccessfully. The sweeper left after half an hour. To our surprise, the Main Navy Headquarters announced to us that conducting negotiations with the abductors and freeing Soviet people who were in captivity was not among their functions.

Information came to the Ministry of Foreign Affairs that the group holding the Kaff crew belonged to the oppositionist Somali National Movement [SNM]. But the problem was that some units within the SNM are not subordinate to the central command. We had to do business with one of those groups.

Soviet embassies in all neighboring countries and in certain West European states were actively involved in

the work—they sought contacts with the representatives of this group. In the end our diplomats managed to make contact.

[Yusin] Did you try appealing to the Somali government?

[Yukalov] Yes, but it brought no results. The SNM does not recognize the authority of President Siad Barre. And in the incident with the Kaff they announced to us that the official license to fish in Somali coastal waters issued by the government has no legal force in the eyes of the unit which seized the Soviet seamen.

[Yusin] Our press has written very little about the SNM. What kind of grouping is it, what goal does it pursue, and what is its political and ideological orientation?

[Yukalov] The Somali National Movement is waging armed battle against President Siad Barre. Abderahman Ahmed Ali heads this group, but, as I already have said, not all oppositionist units are subordinate to him. From the military standpoint, the SNM is a fairly powerful group. It controls substantial territory in the northern part of the country, including certain coastal regions.

[Yusin] Western newspapers ran information that the SNM is oriented toward Ethiopia.

[Yukalov] Officially Ethiopia denies the Somali authorities' accusation that the SNM enjoys material and moral support of the Mengistu government.

[Yusin] What is the USSR's position on this conflict?

[Yukalov] We maintain official relations with the government of Somalia, and we believe that settling the conflict is an internal Somali affair.

[Yusin] How did events develop further?

[Yukalov] We took a big but completely justified risk. Another trawler, the Geranta, was sent to the island where the Soviet fishermen were seized. Two Soviet diplomats from Aden were on board, A. M. Mekhtiyev and A. B. Kagamlitskiy. Naturally the ship was not armed, and the bravery of the diplomats and the captain of the Geranta, Zarubin, and the crew must be given due credit.

[Yusin] Did we have any guarantee that the Geranta would not suffer the fate of the Kaff?

[Yukalov] SNM representatives promised not to touch the trawler, but, as you understand, there was no 100-percent certainty.

The diplomats from the Geranta managed to make contact with the oppositionists. Negotiations began. The ministries of Foreign Affairs and Fish Industry maintained almost constant communication with the Geranta through the Soviet Embassy in Aden. At first the abductors made political and other demands which were unacceptable to us. But then we managed to reach a compromise. The matter came to ransom (or a fine, the

SNM representatives insisted on that wording). On 2 August the Kaff crew was freed.

[Yusin] (Our newspaper reported earlier that the amount of the ransom was 250,000 American dollars, which was transferred to a special account in an English bank. To the question of whether that figure was in line with reality, Yu. A. Yukalov answered that he would not want to either affirm or deny it. The people we talked to also preferred not to specify what the political demands "unacceptable to the USSR" made during negotiations were).

Did any foreign state provide mediation services to the Soviet Union during the negotiations with the SNM?

[Yukalov] No, we contacted the group that seized the ship directly.

[Yusin] What lessons may be learned from the story of the trawler Kaff?

[Yukalov] What happened on the shores of Somalia is an alarming sign. Soviet enterprises today have now been allowed to move into the foreign-economic arena and independently conclude contracts and conduct trade operations abroad. In doing so some of them are ignoring safety regulations and believe it is unnecessary to consult with embassies. Even in those countries where a civil war is going on.

The Somali example is not the only one, unfortunately. A month ago the Ministry of Foreign Affairs had great difficulty evacuating from Liberia the relief crew of an AN-32 plane which was cooperating with a private Liberian company on commercial contract. Six Soviet pilots who had flown to the capital of the country, Monrovia, found themselves literally in the epicenter of combat actions between the rebels and the troops of President Dow. To save them we asked American diplomats for help. They helped the crew reach the plane which took the Soviet pilots out of the country.

So the incident with the trawler Kaff is already the second serious warning. I hope everyone who works in dangerous countries will hear it.

A Specialist's Commentary

[G. Charodeyev]

The IZVESTIYA correspondent asked Professor K. Bekyashev, doctor of juridical sciences, to comment on the incident with the trawler Kaff from the standpoint of international law.

[Bekyashev] In recent years, [he said,] the Gulf of Aden region has become an arena of combat actions between the Somali government forces and the SNM. Italian, Dutch, Korean, Japanese, and other ships have been illegally detained there. While they knew this, competent organs, the Ministry of Foreign Affairs among them, did not inform Soviet shipowners in good time.

From the standpoint of international law, what happened with our ship should be categorized as a violation of the basic principle of international law, the principle of the renunciation of force or threat of force, and it should be called an act of aggression. The UN resolution "The Definition of Aggression" says that an attack by armed forces on sea-going vessels is an act of aggression with the consequences ensuing therefrom. In accordance with Article 51 of the UN Charter, the USSR has the right to defend itself. It also says that any state has the right to individual and collective self-defense, if an armed attack on a member of the UN occurs. The state itself determines the form of defense of its interests. In the past, as a member of a ship crew, I myself was a witness when armed ships of particular countries or ships without any identification markings opened fire on our fishing vessels in the Atlantic. Soviet ships called to the location of the incident at that time worthily repulsed these criminal acts.

The author of these lines is not at all calling for retaliatory armed actions—each incident should be studied carefully. But as applicable to our incident, the official authorities of Somalia should bear international-legal responsibility in political or material form. Satisfaction, for example, would be appropriate, that is, an official expression of regret over what happened and assurance that such illegal acts will not take place in the future; or reparations, that is, compensation for material damages and for the income the trawler lost by being taken away from its legal (licensed) trade and for its two weeks of idleness (approximately 4,000 rubles for each day of idleness).

The reader will object: the trawler Kaff was seized by the antigovernmental Somali National Movement, which is not a subject of international law and, consequently, is not subject to the international-legal norms and principles mentioned above. In fact, the trawler was seized by an armed group of people belonging to the oppositionist forces. In that case the norms of the Convention Against Illegal Acts Against the Safety of Sea-Going Vessels of 10 March 1888 should be applied to this incident. It was formulated in Rome and, incidentally, signed by representatives of the USSR and Somalia.

The fishing trawler is subject to this convention which explains that any person commits a crime if he illegally and deliberately seizes a ship or takes control of it by force or the threat of force or by any other form of intimidation. It was precisely that kind of an illegal act which was used against the Soviet trawler off the shores of Somalia.

The trawler was released from captivity after the Soviet shipowner transferred to the account... of the SNM in an English bank 250,000 dollars. Undoubtedly, the lives of Soviet citizens are priceless, and thousands of dollars were transferred out of humane considerations. Indeed, force and threats were used against the crew and the seamen were deprived of drinking water and food (which, incidentally, also violates international law). The

plunder of the ship and theft of fuel began. I will note that an Italian shipowner paid the same amount to the SMN last year. Obviously, for them acts of violence have become a means of obtaining currency. There is something else which is not understandable: why was such a large sum paid to an unofficial person?

This incident could certainly be a subject of study by the UN International Court, as happened in the early 1970s during the "Cod War" between Iceland and England. This dispute could be heard at a tribunal on law of the

sea as well. But, unfortunately, the UN Convention on Law of the Sea has still not gone into effect. Therefore, our legislator must think about legally protecting seamen and fishermen abroad. This incident is obviously not the last. It is time to finally pose the question of creating a state mechanism in our country prepared to quickly and decisively act in such emergency situations. Enough warnings have been "stored up." It is time to take retaliatory measures in complete keeping with international law.

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